

AFRICAN DEVELOPMENT BANK



COTE D'IVOIRE

VALUE CHAINS DEVELOPMENT PROJECT IN INDENIE-DJUABLIN REGION (PDC-ID)

APPRAISAL REPORT

OSAN DEPARTMENT

October 2016

Translated document

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Currency Equivalents

(March 2016)

UA 1 = CFAF 832.186

UA 1 = EUR 1.26866

USD 1 = CFAF 602.462

EUR 1 = CFAF 655.957

Fiscal Year

1 January - 31 December

Weights and Measures

1 metric tonne	=	2 204 pounds
1 kilogramme (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
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
ANADER	:	National Rural Development Support Agency
CAADP	:	Comprehensive Africa agriculture development programme
CFAF	:	Franc of the African Financial Community
CSP	:	Country Strategy Paper
DPPF	:	Directorate of Planning, Programming and Financing
ESMP	:	Environmental and Social Management Plan
FAO	:	United Nations Food and Agriculture Organization
MFI	:	Microfinance Institution
MINADER	:	Ministry of Agriculture and Rural Development
NDP	:	National Development Plan
NTF	:	Nigeria Trust Fund
OCPV	:	Food Products Marketing Board
PAIA-ID	:	Agricultural Infrastructure Support Project in Indénié-Djuablin Region
PARCSI	:	Industrial Competitiveness Enhancement Support Project
PDC-ID	:	Value Chains Development Project in Indénié-Djuablin Region
PNIA	:	National Agricultural Investment Programme
UA	:	Unit of Account
WB	:	World Bank

Project Information Sheet

Customer Information

BORROWER	:	Côte d'Ivoire
EXECUTING AGENCY	:	Ministry of Agriculture and Rural Development (MINADER)

Financial Plan

Source	Amount (UA)	Instrument
NTF	4 000 000	Loan
Other Donors		
Government and Beneficiaries	800 000	Own resources
TOTAL COST	4 800 000	

NTF Key Financing Information

Loan Amount	UA 4 million
Commitment Fee (Loan)	0.50% per year on undisbursed commitments
Service Charge (Loan)	0.75% per year on the outstanding balance
Maturity (Loan)	20 years
Grace Period (Loan)	7 years
NPV (at a rate of 12%)	CFAF 3.5 billion
ERR (baseline scenario)	30%

Timeframe – Main Milestones

Concept Note Approval	7 December 2015
Project Approval	28 September 2016
Effectiveness	28 February 2017
Completion	30 June 2019
Closing	30 June 2020

Executive Summary

Project Overview: The PDC-ID project was designed as part of the implementation of the action plan for agri-business development in West Africa, in an effort to consolidate the activities of the PAIA-ID (2012-2018), funded by ADF. The activities selected for this project are intended to develop the value chains promoted by the PAIA-ID. The project's sector goal is to contribute to food and nutrition security, and create shared wealth. Its specific objective is to increase the income of actors of the selected value chains. The project will have two components: (i) value chain development; and (ii) project management.

The project cost, estimated at UA 4.8 million, will be funded by an NTF loan of UA 4 million, and by the Government and beneficiaries to the tune of UA 0.8 million. The project's main deliverables are as follows: Support for the production of high-quality seeds, drilling of 30 market gardening wells and installation of irrigation equipment for an area of 50 ha, procurement of 100 tricycles, 20 lorries and 10 tractors, building of 32 km of farm-to-market roads, procurement of 60 farm produce processing units, 4 cold storage units, support to secure land tenure rights over produce-processing sites, training/formation of youth and women's groups, installation of 7 modern honey-extraction units, establishment of platforms for the rice, banana, maize and vegetable sub-sectors, assistance in the preparation of micro-projects, and establishment of a fund for the development of the various sub-sectors. The project will benefit primarily women. Indeed, 80% of its direct beneficiaries of approximately 9 750 are women, and the total number of beneficiaries rises to about 20 400 persons when their family members are included. The project will benefit about 50 000 persons indirectly (including those impacted by farm-to-market roads). It will help increase the current rate of agricultural product processing from 47 000 tonnes (30% of the total production) to about 107 000 tonnes (60%).

Needs Assessment: The project area has a population of about 561 000 and covers an area of 6 900 km², with an average population density of 81 inhabitants per km². One in two persons of the project area lives on less than a dollar a day. The poverty rate stands at 48.7%, compared with 46.3% at the national level. The intervention is justified not only by the high level of poverty, but also by the need to consolidate the gains of the current PAIA-ID activities in order to enhance the sustainability of the project's impact and trigger a new impetus driven by the private sector and geared towards agribusiness. Therefore, the intervention is urgently needed to help create an enabling framework for the development of an *agropole* in the Eastern Region. The project addresses the urgent needs expressed by young people and women during the various missions, including that of the PAIA-ID mid-term review.

Bank's Value Added: The establishment of a technical and financial support framework to assist agribusiness is consistent with the Bank's Medium-Term Intervention Strategy in regional member countries and Pillars 1, 3 and 5 of the High 5s (Feed Africa, Industrialize Africa and Improve the quality of life for the people of Africa), as well as with the Bank's new strategy entitled: "Feed Africa: Strategy for Agricultural Transformation in Africa, 2016-2025". The Bank provided technical assistance to the Government during the project identification and preparation phases, and will also make its expertise available in the areas of financial inclusion development and technical support, in compliance with the Country Strategy Paper for 2013-2017 (CSP 2013-2017). Moreover, through this operation, the Bank will support Côte d'Ivoire's efforts in terms of reconstruction and economic transformation, which is a priority goal of the Government's National Development Plan (NDP 2016-2020).

Knowledge Management: The experiences and best practices displayed in the management of units for the production and processing of agricultural products will be widely disseminated by the project. Consequently, producers - men and women alike - craftsmen, processors, traders, young people and girls, and local authorities will acquire new techniques and skills that would enable them to better manage their business and improve their living standard. The project will also enable the stakeholders to acquire experience in managing cross-cutting sectors at local level. Knowledge will also be disseminated through the monitoring/evaluation system involving actors of value chains. State executives involved in activities will have the opportunity to receive training and broaden their scope in such high-potential and innovative sectors as financial inclusion and technical support to private initiatives that are currently non-existent in the region.

Results-Based Logical Framework

Country and Project Name: Côte d'Ivoire - Value Chains Development Project in Indénié-Djuablin Region (PDC-ID) Project Goal: Contribute to food and nutrition security, and the creation of shared wealth						
RESULTS CHAIN		PERFORMANCE INDICATORS			Means of Verification	RISKS/MITIGATION MEASURES
		Indicators	2016 Baseline Situation	2019 Targets		
IMPACT	Food and nutrition security is improved, and wealth is created and shared	Percentage of households experiencing food insecurity	12.6%	3%	NDP assessment	
		Chronic malnutrition prevalence rate	32%	24%		
OUTCOMES	The income of stakeholders of value chains increases due to the local processing of products.	Improved rate of processing of farm products (cassava, maize, vegetables, etc.).	30%	60%	MINADER statistics Monitoring/evaluation	Risks: (1) Climate change-related risk Mitigation Measure: The ESMP of the PAIA-ID being implemented addresses this risk. (2) Risk of men taking over women-dominated sectors. Mitigation Measure: The project provides for capacity building activities for women.
		Quantity of farm products (cassava, maize, etc.).	10 000 tonnes	60 000 tonnes		
		Increase in quantities of market gardening products marketed (tomato, onion, okra, eggplant, etc.).	500 tonnes	1 500 tonnes		
		Honey production has increased according to the quality standards.	3 800	260 000 litres of honey		
		Number and gender of direct beneficiaries	0	9 750, 80% of them women		
		<u>Additional income:</u> (CFAF)				
		Seed growers				
		Vegetable producers (90% women)		800 000		
		Processing units	200 000	2 600 000		
		Cost per tonne-kilometre for lorries	200 000	16 000 000		
		Beekeepers (two-thirds are women and one-third young people).	2 000 000 380 90 000	240 900 000		

OUTPUTS	<u>Component A: Development of value chains</u>	1.1 A selected seed network for maize, yam and cassava is set up in the project area. 30% women.	1.1 0	1.1 1	PAIA-ID and PDC-ID Progress reports
	1.1 Access to selected seeds for improved food products.				
	1.2 Support for market gardening	1.2. Number of groups of market gardeners supported (motor pumps, wells, equipment, and training). 100% women.	1.2 10	1.2 50	
	1.3 Building of processing capacity	1.3.1 Number of units for the processing of cassava, maize and the grinding of sorghum, millet, groundnuts, etc. (80% women).	1.3.1 108	1.3.1 173	
		1.3.2 Number of honey production units, each with 25 hives (two-thirds are women)	1.3.2 2	1.3.2 350	
		1.3.3 Technical assistance	1.3.3 0	1.3.3 1	
		1.3.4 Number of trained producers - men and women (80% women)	1.3.4 0	1.3.4 9750	
		1.3.5 Number of training sessions on gender, leadership, health standards and land tenure for women	1.3.5 0	1.3.5 30	
		1.3.6 Number of women in decision making bodies	1.3.6 0	1.3.6 100	
	1.4 Support for the setting up of platforms	1.4 Number of key sector platforms (banana, rice, cassava and vegetables) set up with a women's participation rate of at least 60%	1.4 0	1.4 4	
	1.5 Support for the for the processing of farm products	1.5 Number of lorries, tricycles and tractors (80% women)	1.5 20; 200; 5	1.5 40; 300; 15	
	1.6 Establishment of a fund for the development of the sector	1.6.1 A fund is set up and is functional	1.6.1 1	1.6.1 1	
1.6.2 Number of women producers assisted by the fund (at least 80%)		1.6.2 0	1.6.2 6 000		
A female agribusiness expert is recruited.		0	1		
KEY ACTIVITIES	<u>Component B: Project management</u>	The PAIA-ID gender-sensitive monitoring and evaluation system is amended.	0	1	
COMPONENTS					
RESOURCES					
<u>Resources</u> NTF : UA 4 million Government : UA 0.8 million					
<u>USE</u> Component A : UA 4.16 million Component B : UA 0.64 million					

PROJECT IMPLEMENTATION SCHEDULE

		2016	2017				2018				2019	
		T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2
1	Board Approval											
2	Publication of General Procurement Notice											
3	Signing of Loan Agreement											
4	Loan Effectiveness											
5	Authorization of 1st Disbursement											
6	Project Launch											
7	Launch of Competitive Bidding											
8	Contract Award											
9	Execution of Works (Catch Basins)											
10	Procurement of Goods											
11	Implementation of Capacity Building Activities											
12	Mid-Term Review											
13	Audits											
14	Government Completion Report											
15	Completion of Activities											

***Report and Recommendation of the Management of the AfDB Group to the Board of Directors
Concerning a Loan to the Republic of Côte d'Ivoire to Finance***

**THE VALUE CHAINS DEVELOPEMENT PROJECT IN INDENIE-DJUABLIN REGION
(PDC-ID)**

Management hereby submits the following report and recommendations concerning a proposal to grant an NTF loan of UA 4 million to the Republic of Côte d'Ivoire to finance the Value Chains Development Project in Indénie-Djuablin Region.

1. STRATEGIC THRUSTS AND RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 After a period of economic recession caused by the armed conflict of 1999-2011, the Ivorian economy is improving, thanks to political stability and technical and financial support from international partners. GDP growth reached 9.8% in 2012, 8.3% in 2013, 2014 and 2015 after negative growth of 4.7% in 2011. In the same vein, the poverty rate declined slightly at national level from 48.9% in 2008 to 46.3% in 2015. The National Development Plan (PND 2016-2020) is the sole benchmark for public action. It focuses on five strategic areas: (1) enhancing the quality of institutions and good governance; (2) accelerating the development of human capital and promoting social well-being; (3) accelerating structural transformation and industrialization; (4) developing infrastructure harmoniously distributed nationwide and protecting the environment; and (5) strengthening regional integration and international cooperation. Strategic focus 3 plans to leverage the structural transformation of the country, through agricultural sector development, including by: (i) improving the quality of agricultural products; (ii) accelerating the modernization and improvement of agricultural productivity; and (iii) accelerating the processing of products.

1.1.2 The National Agricultural Investment Programme (PNIA-2010-2017) implements the PND. It covers priority activities in the plant, livestock and fisheries development sectors, and forms part of the general framework of the Common Agricultural Policy of Economic Community of West African States and the Comprehensive Africa Agricultural Development Programme (ECOWAP/CAADP). This framework, which is being revised for the period 2016-2020, is intended to guide and support regional and national efforts in the agricultural sector with a view to ensuring that the sector achieves a growth rate of at least 6% and is allocated at least 10% of State budget resources (targets set by the Maputo Commitments). Indeed, the Government plans to increase its allocation rate from 5.4% in 2016 to at least 7 to 8% from 2017 and to at least 10% from 2018 onward.

1.2 Rationale for Bank Intervention

1.2.1 In 2013, the Bank initiated the preparation of the action plan for agribusiness development in West Africa. The plan identifies specific action relating to certain active projects in the Bank's portfolio. Two participatory workshops were organized with the country in order to operationalize the plan. The action plan envisages, among others, the mobilization of additional financing to strengthen a number of on-going projects in the agribusiness and value chains sector.

1.2.2 In this light, the PAIA-ID was selected among on-going projects which could contribute to agribusiness development through additional activities. These activities were prepared and put together as a project. Thus, a number activities with high potential were identified such as the improvement of productivity, support to private operators involved in processing, marketing, procurement of means of transport for produce, as well as the creation

of a local framework for exchanges between producers, dealers, processors and input suppliers. The foodstuff processing link, which is still unorganized, was deemed of utmost priority, considering the huge number of young people and women involved in these sub-sectors at the production, processing and marketing level.

1.2.3 The processing of agricultural products is fully in line with the value chain approach envisaged by the PNIA. It seeks to boost production and increase farmers' income through the sale of products. The supply of products to processing sites will be facilitated by the widespread operation of motorized transport facilities procured with the additional funding, and will also become a new niche in agricultural sub-sectors. Stakeholders throughout the value chain will also be supported in order to facilitate the emergence of inter-connected occupation. The activities will increase farmers' income in a sustainable manner and maximize the impact of the PAIA-ID on development.

1.2.4 These activities are complementary to those underway and in line with the guidelines of the Bank's Ten-Year Strategy, or two strategic areas that will be emphasized, namely: (i) development of infrastructure for the production, processing and marketing of agricultural products; and (ii) development of the capacity of public, private and community-based agricultural sector institutions. The project also dovetails with Pillars 1, 3 and 5 of the Bank's High 5s (Feed Africa, Industrialize Africa and Improve the quality of life for the people of Africa) and with the Bank's new strategy entitled "Feed Africa: Strategy for Agricultural Transformation in Africa, 2016-2025" which emphasizes, among other things, the need to increase investment in hard and soft infrastructure, catalyse agricultural capital flows and agro-processing, ensure youth employment and the development of the agro-food industry.

1.2.5 These new activities cannot be financed by PAIA-ID for lack of resources, hence the need for additional resources. They will help sustain the project's impact on beneficiaries and ensure the sustainable development of the region. Thus, producers' overall needs will be fully addressed. In February 2015, the NTF agreed, in principle, to fund additional activities to the tune of UA 4 million.

1.3 Aid Coordination

1.3.1 The Bank's active portfolio in Côte d'Ivoire's agricultural sector currently has a single operation: "Agricultural Infrastructure Development Support Project in Indénié-Djuablin Region (PAIA-ID)", financed with a grant of UA 21.6 million, approved in March 2012. The project is making satisfactory progress. In addition to the Bank, many development partners are involved in the agricultural sector in Côte d'Ivoire, including FAO, the World Bank, the West African Development Bank (BOAD), the Delegation of the European Union, the French Development Agency (AFD), the World Food Programme (WFP), the Islamic Development Bank (IsDB), the International Fund for Agricultural Development (IFAD), the Arab Bank for Development in Africa (BADEA), Japanese Cooperation (JICA), German Cooperation (GIZ), Spanish Cooperation, Chinese Economic Cooperation and the Government of India. The European Union is in the process of identifying a new support project for peri-urban agriculture, based on the development of value chains and whose geographic targeting is underway. These projects will operate in different parts of the country. Only the PAIA-ID financed by the ADF and the PPAAO/WAAPP (a World Bank-funded multinational programme) are operating in the Indénié-Djuablin region. The PDC-ID will develop a synergy with these two projects as well as with the Industrial Competitiveness Enhancement Support Project (PARCSI), focused on cash crop sub-sectors and financed by the ADF.

1.3.2 In the agricultural sector, a consultation framework called “Technical and Financial Partners’ Group (TFPG) for Agriculture, Rural Development and the Environment” was established in 2010 to facilitate consultation and dialogue with the Ivorian Government to ensure better coordination and effectiveness of foreign aid. FAO and AFD assume the role of leader of the TFPG. Within this group, there is a "Land Security" sub-group with the European Union as leader and the AfDB, AFD, WB and FAO as members. Regular consultations are held with the donor community under the TFPG in Abidjan with AfDB participation.

Table 1.3
Donor Coordination

Sector or Sub-sector *		Donor Coordination		
		GDP	Exports	Labour
Agriculture and Rural Development		26.5%	36.9%	66%
Stakeholders – Annual Public Expenditure (CFAF)**				
Government (2013-2015 average)	Donors	(2013-2015 averages)		
CFAF 7.6 billion (4.83% of total expenditure)(*)	IsDB	10 469 647 585		
	IDA	2 005 098 519		
	IFAD	9 974 171 755		
	AfDB	7 779 132 814		
	BOAD	5 617 649 943		
	GIZ	9 467 612 936		
	EU	44 618 527 507		
	AFD	22 126 947 537		
	Spanish Embassy	2 572 000 000		
	EXIMBANK GROUP	3 160 233 060		
	WAEMU	1 606 560 235		
	OTHERS	30 163 941 069		
	Total	149 561 522 960		
Level of Donor Coordination				
Existence of thematic work groups		[Yes, established under the PNIA]		
Existence of an overall sector programme		[No, a PNIA prepared along with a detailed investment plan]		
Role of AfDB in donor coordination		Member (not the leader)		
(*) Sources: Detailed investment plan for the implementation of PNIA, MINADER, 6 April 2016				
(**) Source: DPPF, MINADER, 2016				

II. PROJECT DESCRIPTION

The project’s sector objective is to contribute to food and nutritional security, and the creation of shared wealth. Its specific objective is to increase the income of the stakeholders of the selected value chains.

2.1 Project Design Components and Description

2.1.1 The PDC-ID is designed to consolidate the activities of the PAIA-ID and establish conditions for the emergence of a real *agropole* in the region. It addresses the main barriers to development, namely lack of technical support and a system for financing private initiatives: (i) with respect to production, the PDC-ID will support the supply of maize seed, cassava and yam cuttings, as well as provide market gardening groups with appropriate water pumping equipment and build water points to cope with the declining river water levels caused by climate change. These components are not sufficiently developed under the PAIA-ID and are urgently needed by young people and women. The "production" link support is complementary to on-going activities in the sub-sectors developed by PAIA-ID (rice, vegetables, maize, cassava, yam, plantain, etc.); (ii) with regard to processing, the PDC-ID will strengthen, as a matter of priority, on-going initiatives in cassava processing, maize grinding and poultry-feed production sub-sectors in an effort to boost agro-industrial activities

in Agniblékro Division, spearheaded by the SIPRA Group; (iii) in transport sector, the PDC-ID will support the procurement of means of transport (lorries, tricycles, tractors, etc.) to facilitate the marketing of products and reduce transportation costs. Lack of transport facilities has been identified as a major drag on the marketing of agricultural products in the region; (iv) ensure the development of the foodstuff marketing network by organizing markets, building traders' capacity and supporting sales contracting; (v) support financial institutions by establishing a guarantee fund aimed at encouraging these institutions to finance the agricultural sector at reduced interest rates; (vi) ensure ownership of the equipment to be procured by requiring matching contributions from beneficiaries, taking into account their financial capacity (10% of the equipment cost for youth and women's groups, and 20% for cooperatives); and (vi) provide technical assistance to support the design of micro-projects. The project will also provide institutional support for actors of value chains and establish frameworks for exchange and cooperation between all actors of a value chain. These activities were identified during the Bank's identification mission in the sub-region for the development of agribusiness. They were deemed urgent by the actors met during the PAIA-ID mid-term review mission.

2.1.2 The project approach is based on beneficiaries' requests: (i) information campaign on the project's intervention mechanism; (ii) submission of requests for technical and financial support to the project; (iii) initial review and selection of files by a multi-disciplinary commission; (iv) technical support and finalization of the selected business plans; (v) final approval of business plans; (vi) opening of special accounts by beneficiary groups and payment of matching funds; and (vii) finalization of files for the procurement of capital goods. With regard to SMEs, after the technical support, the dossier will be forwarded to the financial institution to obtain credit. A financing procedures manual will be prepared by a consultant who is currently being recruited. Transmission of evidence of validation of this procedures manual will be the condition precedent to the first disbursement from the Value Chains Development Fund. This manual will include specific conditions for recourse to the guarantee fund in compliance with best practice rules. (cf. B2.12 Volume 2).

2.1.3 **Summary of the components:** The project will be implemented over a three-year period and will comprise only two components, since it was designed to supplement the PAI-ID programme. The key achievements are described in detail in Annex B2 of Volume 2 and summarized in the following table:

Table 2.1
Project Components

<i>Components</i>	<i>Costs</i>	<i>: Description</i>
<u>Component A</u> Development of value chains	UA 4.16 million (87%)	(1) Support for the supply of inputs: procurement of good quality seeds and cuttings (maize, yam, cassava, etc.) to consolidate the gains of the PAIA-ID, various equipment for the packaging and conservation seeds; (2) Support to market gardening groups: conduct and control of works on 30 market gardening wells and 50 ha of irrigated areas intended to cope with the climate change; procurement of minor agricultural inputs and equipment for women's associations, and review/restructuring/training of youth and women's group; (3) Management and environmental monitoring; (4) Strengthening of produce-processing capacity: procurement of cassava- and maize-processing units, and cold rooms for the storage of produce, development of cassava-processing areas, support towards securing land tenure rights over produce-processing sites, support for the formation and training of women's groups. Support for beekeeping in seven villages through the setting up of seven honey extraction units in an effort to diversify women's income sources; (5) Support for the transport of agricultural products: technical assistance in terms of credit, procurement of means of transporting goods, building of farm-to-market roads for access to agricultural production sites (34 km); (6) Establishment of platforms for

<i>Components</i>	<i>Costs</i>	<i>: Description</i>
		the sub-sectors (rice, maize, cassava and vegetables): Technical assistance, operationalization of the Abengourou sales office and organization of agricultural shows, assistance for the establishment of markets, design of micro-projects and finalization of business plans; and (7) Establishment of a Value Chains Development Fund.
<u>Component C</u> Project management	UA 0.64 million (13%)	Coordination of project activities in conjunction with stakeholders; equipment and operation of the project; procurement of goods, works and services; administrative, financial and accounting management; internal and external monitoring/evaluation of the project; audit, recruitment of various specific expertise.

2.2 Technical Solutions Adopted and Alternatives Explored

The technical solutions adopted for infrastructure and processing equipment are based on standards for ensuring the sustainability of investments at acceptable costs and proper ownership by the beneficiaries. The rural road sections enabling access to the sites will be developed in compliance with the technical standards defined by the country's competent services. For irrigated market gardening sites, the project preferred to rehabilitate existing facilities managed by women's associations which suffer from water shortages in the dry season. For cassava-processing, honey-extraction and beekeeping units, the sites will be studied on a case-by-case basis, and the appropriate equipment installed.

Table 2.2
Alternatives Explored and Reasons for Rejection

Alternative Solution	Brief Description	Reasons for Rejection et
Entrust the development of cassava-processing sites to the associations concerned.	Support groups specialized in cassava processing by providing grants and loans to enable them to perform the works and procure the equipment required at the sites.	<ul style="list-style-type: none"> ▪ Limited capacity of women in charge of cassava processing. ▪ The modernization of the sites requires expertise and appropriate assistance that only the project can provide through specialized operators.
Finance micro-projects solely by MFIs and local banks without investment incentive (reduced interest rates).	MFIs and local banks finance micro-projects submitted with the support of the project, whose funding will be subject to the provision of matching funds by beneficiaries, without use of incentives.	<ul style="list-style-type: none"> ▪ This arrangement actually exists, but is not enough to create the required transformation momentum. ▪ The preferred funding scheme combines risk-sharing and reduced interest rates.

2.3 Project Type

The PDC-ID is a stand-alone operation in the form of a loan for an investment project. The country is well advanced in terms of compliance with the CAADP process as evidenced by the preparation of the National Agricultural Investment Programme (PNIA) and that of a Medium-Term Expenditure Framework (MTEF). Pending the completion of the process, most donor interventions in the sector are conducted through investment projects.

2.4 Project Cost and Financing Arrangements

2.4.1 The total cost of the project is estimated at UA 4.8 million, exclusive of taxes and customs duties (about CFAF 3.99 billion), comprising UA 1.94 million (CFAF 1.61 billion) in foreign exchange and UA 2.86 million (CFAF 2.38 billion) in local currency. A provision of 5 to 10% for physical contingencies was made for works and equipment. The physical

contingencies total UC 182 000 or 4% of the total project cost. A 3% provision for price escalation was applied to all components. The summary of estimated costs by expenditure component and category is presented in the tables below. Detailed tables of the project costs and the list of goods and services are provided in the Technical Annexes to this report.

Table 2.3
Cost Estimates by Component

Components	CFAF Thousand			UA Thousand			%
	LC	FE	Total	LC	FE	Total	
Development of Value Chains	1 838 400	1 254 550	3 092 950	2 209	1 508	3 717	77
Project Management	287 690	182 910	470 600	346	220	566	12
Base Cost	2 126 090	1 437 460	3 563 550	2 555	1 728	4 283	89
Physical Contingencies	95 532	56 111	151 643	115	67	182	04
Financial Contingencies	158 905	119 486	278 392	191	144	335	07
Total	2 380 527	1 613 057	3 993 584	2 861	1 939	4 800	100

Table 2.4
Project Cost by Expenditure Category

Categories	CFAF Thousand			UA Thousand			%
	LC	FE	Total	LC	FE	Total	
Goods	373 550	1 043 950	1 417 500	449	1 254	1 703	35
Works	331 000		331 000	398		398	8
Services	686 290	330 310	1 016 600	825	398	1 223	26
Miscellaneous (Value Chains Development Fund)	380 000	61 250	441 250	456	74	530	11
Staff	25 200		25 200	30		30	1
Operation Costs	330 050	1 950	332 000	397	2	399	8
Total Base Cost	2 126 090	1 437 460	3 563 550	2 555	1 728	4 283	89
Physical Contingencies	95 532	56 111	151 643	115	67	182	4
Financial Contingencies	158 905	119 486	278 392	191	144	335	7
Total	2 380 527	1 613 057	3 993 584	2 861	1 939	4 800	100

2.4.2 The project will be financed by the Nigeria Trust Fund (NTF), the Government of Côte d'Ivoire and beneficiaries. The NTF loan amounts to UA 4 million, representing 83% of the project cost. It will be used to finance the cost of works, capital goods, part of the project's operating costs and 45% of the Value Chains Development Fund. The Government will contribute UA 535 000 (CFAF 445 million), corresponding to 11% of the project cost. It will finance part of the operating costs, the cost of additional staff and 55% of the Value Chains Development Fund. The beneficiaries will contribute the sum of UA 265 000 (CFAF 220 million), or 5% of the total project cost, as matching funds for the equipment. The breakdown of the project financing is presented in Table 2.5 below, while that of the NTF loan by expenditure category is provided in Table 2.6.

Table 2.5
Sources of Financing

Sources	CFAF Thousand			UA Thousand			%
	FE	LC	Total	FE	LC	Total	
NTF LOAN	1 428 225	1 900 181	3 328 406	1 717	2 283	4 000	83
GOVERNMENT	9 171	435 760	444 931	11	524	535	11
BENEFICIARIES	175 660	44 586	220 246	211	54	265	6
TOTAL	1 613 057	2 380 527	3 993 584	1 939	2 861	4 800	100

Table 2.6
Breakdown of the NTF Loan by Expenditure Category

Categories	LC (UA Thousand)	FC (UA Thousand)	Total (UA Thousand)
Goods	487	1 149	1 636
Works	420		420
Services	828	431	1 259
Miscellaneous (Value Chains Development Fund)	186	72	258
Operating Costs	264		264
Not Allocated	98	65	163
Total	2 283	1 717	4 000

2.5 Project Area and Beneficiaries:

2.5.1 Physical Data: The project intervention area covers the administrative region of Indénié-Djuablin in the East-Central part of the country (see Map of Project Area in Appendix IV). It comprises Abengourou, Agnibilékrou and Bétié administrative divisions (“*départements*”). It is located in the forest belt and has a sub-equatorial climate marked by four seasons, namely the long rainy season from mid-March to mid-July, the short dry season from mid-July to end-September, the short rainy season from end-September to November, and the long dry season from November to mid-March. The dominant vegetation is the dense mesophilic forest in the South, which becomes thinner in the Northern part.

2.5.2 The Region has a population of 56 000 inhabitants, representing about 3% of the total population of Côte d’Ivoire, and covers an area of 6 900 km² or 2% of the national territory. The average density is 81 inhabitants/km², compared with a national average of 62.5 inhabitants/km². The poverty rate stood at 48.7% in 2015 (53.5% in 2008), higher than the national average of 46.3% (48.9% in 2008). The rural illiteracy rate is estimated at 66.4%, and the gross enrolment rate is 73.6%.

2.5.3 About 91% of the rural population is engaged in agriculture and 3.5% in handicraft and trading. Animal production (cattle, sheep, fishing and fish farming) concerns less than 0.5% of the population. The owner-farming system is predominant, and accounts for 72% of the cultivated areas. Sharecropping accounts for about 27%. Many farmers possess plantation certificates of very limited legal value. As a result of increased demand for land, land disputes are on the rise, but remain under control thanks to efforts made by the Government and traditional leaders with the involvement of local authorities.

2.5.4 Cocoa and coffee cover more than 90% of the total cultivated area. The semi-intensive production systems are used in the lowlands. Crop yields are often very low. Annual agricultural production in the region is estimated at 280 000 tonnes of food crops, including 116 000 tonnes of yam (4% of national output), 63 400 tonnes of plantain (4% of national output), 69 000 tonnes of cassava (4% of national output), 17 000 tonnes of maize (3%), 9 500 tonnes of rice (1% of national output), 38 000 tonnes of vegetables (6%), of which 17 000 tonnes of tomato, 48 000 tonnes of cocoa (about 5% of national output) and 22 000 tonnes of coffee (about 10% of national output). Producer interest in coffee farming is waning, given that the farms are ageing and output is on the decline. Cocoa farming continues to be attractive, despite the volatility of prices and low productivity. In the South of the region (Bétié Département), rubber covers about 6 000 ha, which poses a threat to food security. The

region's agricultural production potential is estimated at over 400 000 tonnes of food products, but the food processing level is extremely low.

2.5.5 Foodstuffs transit through local and divisional markets and, subsequently, the regional market of Abengourou. The surplus from the region is sold mainly on the Abidjan market. In recent years, women have been compelled by the dire economic conditions to assume a greater share of household expenditure. They sell the food surpluses from family farms (yam, rice and maize), as well as most of the vegetables they produce, on the local markets. In semi-urban areas, many of them engage in activities involving the collection and marketing of market gardening products and foodstuffs.

2.5.6 Agricultural professional organizations in the project area consist of farmers' cooperatives formed mainly to market cash crops (coffee and cocoa) and informal women's groups for income-generating activities. There are 136 coffee and cocoa cooperatives, which were formerly members of the agricultural cooperative ("*groupements à vocation cooperative*" - GVC), and over 100 women's groups. Overall, the capacity of cooperative managers and members is low, and the transport facilities to meet the needs of members and gain their loyalty are lacking.

2.5.7 The main constraints to agricultural development in the region are: (i) poor mastery of production techniques; (ii) institutional weaknesses and inadequate involvement of the population in the management of local affairs; (iii) low level of processing of agricultural products due to the lack of an appropriate financial system; (iv) weak technical and financial capacity of promoters in the value chains; and (v) lack of the transport facilities required for the conveyance of products in good condition. However, the region has many advantages: (i) experience and tradition in the growing of cash crops (cocoa and coffee) and food crops (rice, yams, cassava, plantain, maize, etc.); (ii) availability of land for the development of irrigated crops (lowlands); (iii) growing local demand for foodstuffs; (iv) existence of a supervisory network and an agricultural research station; and (v) an advanced level of organization of rural community. There is an urgent need to intervene in this region to help eliminate the identified constraints and support the efforts of public authorities to rebuild the country by capitalizing on the region's productive potential.

2.5.8 The project beneficiaries are actors of the targeted value chains organized in groups or cooperatives, and private operators with SME status. The project will directly benefit 9 750 beneficiaries, 80% of them women (heads of seed production farms, processing units, beekeeping units, transport facilities), representing about 20 400 people in total (including family members) and about 13 000 indirect beneficiaries (farmers benefiting from high-yield seeds, cuttings and seedlings of cassava, and yam, and farmers benefiting from processing units). The project will indirectly benefit about 50 000 persons (including those impacted by farm-to-market roads).

2.6 Participatory Approach for Project Identification, Design and Implementation

The project was subject to broad consultations at all stages of its appraisal. Consultations with the public (men, women and youth) were held during the mission of the agribusiness consulting specialist, in the form of meetings with the administrative authorities, local communities, technical agencies, producer organizations, women's groups, private partners and current projects. The consultations continued during PAIA-ID mid-term review missions and a participatory workshop involving key stakeholders was held on 10 February 2016 at the regional Directorate of Agriculture and Rural Development. The main comments and suggestions were taken into account in the project formulation, including the need to ensure close monitoring of micro-projects, maintain permanent dialogue between all actors and

address the lack of transparency in relations between certain value chain actors. This approach should be continued during the project implementation phase by establishing mechanisms closely involving and empowering the various actors. The sustainability of the intervention, particularly regarding irrigation infrastructure, requires that the parties concerned take full ownership. Hence the option to target, as a priority, communities that are most committed and meet the selection criteria (request submitted, secure land, mode of organization, contributions and commitments, etc.).

2.7 Bank Group Experience and Lessons Reflected in Project Design

2.7.1 The Bank is supporting the Government in implementing the PNIA by financing the Agricultural Infrastructure Support Project in Indénié-Djuablin Region with a grant of UA 21.6 million, approved in March 2012. The project is making satisfactory progress. The implementation rate stands at: 90% for the farm-to-market roads component, 40% for the lowlands development component, 100% for the "cocoa sector support" component, and 70% for the water supply component. The rate of commitments on ADF resources stands at 74%, with a physical execution rate of 60% and a disbursement rate of 54% (30 July 2016). The lessons learned at the mid-term review of this project were taken into account in the design of the PDC-ID, including: (i) the need to take greater account of value chains and promote the private investment approach; (ii) improvement of the management of contracts; (iii) optimization of delegated project owners' performance; (iv) improvement of the procurement process to strengthen the recruitment of qualified companies; and (v) recruitment of competent human resources for efficient management of activities, including cross-cutting aspects (environment and gender). Regarding the increased consideration of the value chains approach, the mid-term project review pointed out weaknesses in the processing and marketing links, requiring additional actions which could not be covered by the initial funding.

2.8 Key Performance Indicators

2.8.1 The key performance indicators are presented in the logical framework, derived from the project baseline. The outcome indicators are principally: (i) crop yield and production; (ii) the number of farms benefiting from better product disposal; (iii) additional production marketed; (iv) the number of women and youths who benefited from project support operations; and (v) the number of agricultural product processing associations set up and supervised. The main output indicators include: (i) the market garden area developed or rehabilitated and cultivated; (ii) the number of product processing sites developed; (iii) the number of centres (consolidation centres, collection centres, rural markets, warehouses, etc.); (iv) the number of motor pumps for market gardening; (v) the number and percentage of women members of cooperatives and management committees; (vi) the number of cooperatives, professional agricultural organizations (OPA), youths and women trained in various fields (marketing, financial management, environment, water management, etc.); and (vii) the number of officers and staff of technical services trained.

2.8.2 Other gender-specific indicators will be added in the course of establishing the monitoring/evaluation system and baseline situation using the results-based management approach. This will include: (i) the proportion of women in each beneficiary group; (ii) the involvement of women and young people in producer and infrastructure management groups; and (iii) the number of plots and processing units owned by women and young people. Special emphasis will be laid on monitoring the socioeconomic impacts (women- and youth-specific disaggregated data, and monitoring of the performance of producer organizations).

2.8.3 Concerning impact indicators, special attention will be paid to targeting parameters that can be monitored and collected internally and to defining those specifically related to women and young people. The key indicators are: (i) percentage of the rural population living below the poverty line; (ii) percentage of the rural population living in food insecurity; (iii) additional food and market gardening production; and (iv) level of organization of professional organizations (OPs), including the performance of socio-professional organizations.

III. PROJECT FEASIBILITY

3.1 Economic and Financial Performance

Table 3.1
Key Economic and Financial Data

Results, assessment	Economic
NPV (baseline scenario: discount rate: 12%)	CFAF 3.5 billion
Economic Rate of Return (ERR)	30%

3.1.1 The project's **financial and economic performance** was assessed over a 25-year period. The advantage of the project was determined by the value of the additional products marketed (seeds, plants, vegetables, honey, etc.) and the products processed (cassava and maize) as a result of the machines to be procured, and the reduced cost of transporting products brought about by the availability of means of transport. The benefits of the project also include capacity building and the improvement in knowledge throughout the value chains, reflected in the increased crop yields and output of processing units. More specifically, the benefits of the project are generated by: (i) the production of high-yielding maize seeds and cassava and yam cuttings; (ii) market garden production; (iii) processing units (cassava unit); (iv) reduced transport costs; and (v) honey production.

3.1.2 As regards the economic rate of return (ERR), the project has an ERR of 30% and a net present value (NPV) of CFAF 3.5 billion at a capital opportunity cost of 12%. These results are deemed satisfactory in view of the project activities. The ERR sensitivity tests show that the project is more sensitive to a decline in production than to an increase in investment costs. A 10% decline in the expected production will generate a 24% ERR and a 10% increase in investment costs an 26.7% ERR. A 10% decline in production coupled with 10% increase in investment costs will yield a 21.4% ERR, which is higher than the capital opportunity cost (12%). The assumptions and detailed calculations of the financial and economic analyses are provided in Annex D of Volume 2.

3.1.3 Analysis of the project's financial performance points to additional positive income for all the model farms considered. The project will directly benefit 9 750 persons (heads of seed production farms, processing units, beekeeping units and means of transport). Additional income by model is as follows: CFAF 578 000 for model M1 (about CFAF 60 million in total), CFAF 2.4 million for model M2 (CFAF 97 million in total), CFAF 14 million for model M3 (CFAF 560 million in total), CFAF 322 million in savings on transport costs (model M4) and CFAF 810 million (FCFA 283 million in total) for the model M5. Model M1 represents seed multiplication activities; Model M2 is the market gardening transport facilities, and Model M5 illustrates the effect of the project on beekeeping (see Annex D of Volume 2).

3.2 Environmental and Social Impact

3.2.1 Environment: At project appraisal, a number of environmental and social risks were identified: (i) conflicts within groups that are not adequately prepared to manage the common infrastructure; (ii) friction especially among young people and women in case the resources are captured mainly by the elite; and (iii) water and soil pollution by the waste generated by processing units. To minimize these risks, the project plans to: (i) prepare and disseminate a sub-project financing handbook that would include a fair and transparent process for selecting beneficiaries; (ii) prioritize actors already in the value chain in terms of project funding, including the upgrade or strengthening of their activities; (iii) build the organizational and technical capacity of groups and cooperatives prior to funding their sub-projects; (iv) adopt a demand-driven approach in the implementation of sub-projects to ensure their sustainability; and (v) systematically integrate a waste collection and treatment system in each sub-project of processing units to minimize the adverse environmental impact. The project will also support beneficiaries in carrying out feasibility, profitability and market technical studies on sub-projects. The project activities will enhance the security and development of the value chain as well as employment in the region. As a result of the preventive measures incorporated in the project, the adverse impacts of sub-projects will be relatively limited and may be easily mitigated by implementing appropriate measures that will be considered during the preparation of each sub-project. The few activities that could generate adverse impacts include the rehabilitation of farm-to-market roads and the establishment of processing units. The project is classified in Category 2 according to the Bank's Environmental and Social Assessment Procedures (ESAP). Furthermore, the Environmental and Social Management Plan (ESMP) of the PAIA-ID project has been updated to include an environmental and social management framework, in accordance with the Integrated Backup System (IMS) and the environmental regulations of Côte d'Ivoire (see CGES in annex).

3.2.2 Climate change. The agricultural value chain is currently facilitated by various actors in the project area, including producers, producers' groups and cooperatives, traders usually operating in groups and cooperatives, haulers and processors operating in SMEs and groups. These actors face technical, organizational and financial constraints in developing their activities. These constraints place them in a situation of vulnerability, which is exacerbated by climate change – a phenomenon that has undermined agricultural production year in year out, especially in the food crop sector. The vulnerable groups are women and young people in all links of the chain. Support for market gardening (digging of catch basins and development of irrigated areas), dissemination of resilient seeds and especially the development of value chains envisaged by the project will help improve the people's resilience to climate change. Project activities, including the equipment, will not have any significant impact on the climate in terms of greenhouse gases emissions.

3.2.3 Social and Gender Impact. Women make up 48.13% of the rural population of the project area. The roles assumed by members of the community are differentiated by gender rather than age bracket. Youth and women are integrated into communities in that they help maintain village security, organize and participate in happy and unhappy village events, maintain village cleanliness, attend public debates and contribute in various ways to the collective well-being, but are generally not consulted when it comes to decision-making. Women hold 80% of assets in sub-sectors targeted by the project (essentially food crop sub-sectors). Conversely, men are specialized in the coffee, cocoa and rubber sub-sectors (Annex E2 of Volume 2). In general, women face constraints including: (i) low participation in the decision-making process; (ii) low access to financing for the procurement of means of transport and processing; and (iii) management capacity that is too weak to ensure the profitability of their activities.

3.2.4 By its very design, the PDC-ID is a gender-sensitive project: 80% of those working in the targeted sub-sectors (market gardening and rain-fed farming) are women. The “market gardening support”, cassava-processing, beekeeping and market garden product marketing components were designed specifically to address the request voiced by women during the PAIA-ID supervision and the mid-term review missions, as well as during the PDC-ID preparation and appraisal mission. The project will benefit approximately 7 800 women out of a total of 9 750 direct beneficiaries.

3.2.5 **Strengthening of management and social skills:** In its production and processing support component, the project plans to build the capacity of 40 market gardening production groups (100% of the target) and 40 processing groups. In addition to equipment and facilities, the project envisages a literacy and training programme in production techniques, simplified bookkeeping, cooperative management, supply and stock management, leadership and entrepreneurship, designed to enable women to better understand the market and observe the rules of good governance. With this support, women will be better equipped to defend their interests and boost the profitability of their activities. The project support will also focus on reproductive health, family planning, nutrition, social cohesion, culture of peace and conflict management. In this way, the support will increase women’s capacity to make good decisions about their health and that of their children. In addition, the project will help strengthen the identified low gender sensitivity of stakeholders. In this regard, the PDC-ID will strengthen the existing PAIA-ID monitoring framework (a gender expert is in place) through the mainstreaming of gender equality indicators.

3.2.6 **Building women's production capacity:** The project will offer all women directly affected by the project training on their rights and existing land transaction tools and modalities for transactions in the sector. Regarding the development of market gardening, 100% of the areas developed will be farmed by women. The project also plans to provide women with a set of integrated services aimed at improving their access to production equipment and new production techniques. Through the rehabilitation of farm-to-market roads, construction of warehouses, drying areas, collection centres and the improvement of the village water supply system (HVA) put in place by PAIA-ID, the project helped to address a number of difficulties relating to the evacuation and preservation of foodstuffs and market gardening products, and facilitate access to drinking water in the villages affected by the sites to be developed. The PDC-ID will consolidate all these activities by supporting the product sales office, which will primarily benefit women in the market gardening sub-sector and enable the installation of cold rooms and the procurement of means of transport to further facilitate the evacuation of products.

3.2.7 **Improvement of women's representation in decision-making bodies:** The project will promote women's integration and leadership in the management committees of irrigated areas and executive offices of professional organizations, the goal being to achieve a quota of at least 60% for women in decision-making positions. The project will also help restructure all active women's organizations in the market gardening and cassava-processing sub-sectors. It will strive for women’s representation of at least 60% in the banana, rice, maize and market gardening products sub-sectors. The cost of women-related components is estimated at UA 3.8 million (80% of the total project cost). In terms of targeting, the project design favoured women and young people.

3.2.8 **Forced resettlement:** The project will not entail any forced population resettlement or economic displacement.

IV. IMPLEMENTATION

4.1 Implementation Arrangements:

4.1.1 **MINADER** will be the project executing agency. It will entrust the daily management to the team in charge of coordinating the PAIA-ID. The team will comprise a coordinator, an administrative and financial officer, a monitoring/evaluation officer, an officer in charge of farmer organization support services, a procurement expert, a rural engineer, an environmentalist, a gender expert and support staff. This team, whose performance is deemed satisfactory, will be strengthened by an expert in agribusiness, a monitoring and evaluation assistant and a procurement assistant recruited on a short-term basis. Pursuant to Decree No. 2015-415 of July 2015 relating to the preparation, implementation and closing of projects co-financed by Côte d'Ivoire and technical and financial partners, the team will be supplemented by a project accounting officer appointed by the Public Debt Accounting Officer, a financial controller appointed by the Director of Financial Control, and an internal auditor appointed by the Inspector-General of Finance, at the request of the project coordinator. The Borrower will forward to the Bank evidence of appointment of this team to coordinate PAIA-ID activities. The NSF will assume the cost of remunerating the Project Coordination Team after the close of the PAIA-ID set for 28 February 2018.

4.1.2 **Steering:** The project will be steered by the Committee that was established for the PAIA-ID, to which will be added the Directorate in charge of SME Support and the MINADER Directorate responsible for Planning. The Borrower will forward the instrument governing this Steering Committee to the Bank at the latest six months after loan effectiveness. A Value Chains Support Fund Committee will be set up, in accordance with the rules of good governance and with the participation of representatives of the private sector, administrative agencies and local financial institutions. The composition of this Committee will be defined following an assessment by an agribusiness expert on the establishment of this Fund. Evidence of establishment of this Committee will be a condition precedent to the first disbursement from the Value Chains Support Fund.

4.1.3 **Associated organizations:** The project will establish relations with experienced and specialized organizations to implement or monitor tasks pertaining to their areas of competence. These include the National Rural Development Support Agency (ANADER) for agricultural supervision and extension, the National Rice Development Authority (ONDR) for irrigated rice cultivation, the Food Products Marketing Support Authority (OCPV) for marketing-related matters, the Directorate general of SMEs, the Regional Directorate in charge of Infrastructure and certain technical services of MINADER.

4.1.4 **Procurement:** The procurement of goods and services for this project will be in accordance with the Bank's new procurement policy, approved on 14 October 2015. This policy allows for a broader use of the national procurement system. Also, the Bank's evaluation of the national public procurement system in 2013 revealed that the system was generally in line with international norms and standards, and that the country had made significant progress. Therefore, the country has an appropriate regulatory and institutional framework, compliant with international standards for the procurement of the goods and works envisaged for this project. The national standard competitive bidding documents (NSCBDs) adopted are based on standard documents of multilateral development banks and international financial institutions, and meet fundamental public procurement principles. However, a number of discrepancies were noted between national procedures and the Bank's procurement policy. These discrepancies will be addressed in an action plan to be agreed on between the country and the Bank, to preserve the fundamental principles governing the AfDB operation.

4.1.5 In this context, the procurement planned for this project will be made in part following national rules and procedures using the country's standard procurement documents. Procurement will be conducted in accordance with Decree No. 2009-259 of 6 August 2009, including the various implementing regulations. The procurement planned for this project relate to goods, works and services, most of which are available on the Ivorian market, and concern mainly the development of small market gardening areas, the setting up of processing units, equipment, and the delivery of consulting, supervision and training services. There are national suppliers and representatives of foreign suppliers in sufficient numbers – given the existence of more than 30 000 SMEs in Cote d'Ivoire - to ensure competitive prices for the goods and works to be procured. Most of the goods and works may be provided or performed by national and regional suppliers and entrepreneurs selected through an open bidding process, in accordance with the Public Procurement Code (CMP), and an open simplified bidding procedure (PSCO), a limited simplified bidding procedure (PSCL), and simplified request for quotation procedure (CSDP), in accordance with Order No. 112/MPMBPE 8 March 2016. However, in view of the specific nature of the sector and given the weaknesses in the Public Procurement Code (CMP) in terms of defining the assessment methodology and technical qualification, and considering a combination of cost and technical qualification factors based on the circumstances, consulting services will be procured in line with the Bank's procurement procedures and methods to ensure the recruitment of the best consulting firm in the sector. Most of the problems and risks associated with the project's procurement component have been identified and corrective measures and recommendations are proposed in the annexes to the project appraisal report. The contracting procedure and the assessment of the capacity of the executing agency have also been detailed in Annex C2 of Volume 2.

4.1.6 **Financial management and disbursement:** Project accounts will be kept according to accrual accounting rules and in compliance with the provisions of Decree No. 2015-475 of 1 July 2015 relating to the terms and procedures for the management of projects and programmes financed or co-financed by technical and financial partners. The project's accounting team will include, in addition to the Coordinator, an Administrative and Financial Manager, who will work in close collaboration with a Public Accounting Officer and a Financial Controller, and two employees responsible for the project's budget and accounting. The accounts will be managed through the Integrated Public Finance Management System (SIGFIP) in use in the public expenditure chain, and the SUCCESS software configured on the SYSCOHADA accounting system. Also, the administrative, financial and accounting procedures manual used for the PAIA-ID will be adapted to the project, particularly project components, the new responsibilities of project implementation stakeholders and the procedures for managing projects resulting from Decree No. 2015-475.

4.1.7 The budget will be prepared by the Coordination Team and submitted to the Steering Committee for approval and to the Bank for no objection prior to submission to the supervisory Ministry and its inclusion in the State budget. Notification to the project of its allocations will be used for validation of the project's consolidated budget in SIGFIP and the SUCCESS software.

4.1.8 The disbursement methods selected for the project are essentially the reimbursement, direct payment and revolving fund methods. The revolving fund method will require the opening of a special account in a bank acceptable to AfDB and the signature of a Public Debt Accounting Officer (ACDP) - the project's Designated Accountant. The latter will appoint a Project Accountant who will open a sub-account, preferably in the same bank, for the settlement of project expenses. The bank accounts will be monitored through monthly bank reconciliation statements and special account replenishment statements. Matching funds will be disbursed through direct payment of expenses by the Public Treasury following the

simplified public expenditure circuit, or through a project account opened with the Public Treasury under the signature of the Project Accountant.

4.1.9 The project will be required to produce a quarterly financial monitoring report, no later than 45 days after the end of the quarter, and annual financial statements indicating at least the status of execution of the annual budget, the balance sheet and an income and expenditure table, notes on accounting principles and details of the main accounts, and the annual inventory of assets procured by the project. These statements must all be approved by the Steering Committee and submitted to the Bank within the required timeframe. At the launch of the project, training will be organized for the project team on procurement, financial management and disbursement rules and procedures.

4.1.10 **Audit:** A competent external audit firm, recruited by the project executing agency in accordance with Bank rules and procedures, will prepare audit reports in compliance with international standards. The terms of reference (ToRs) of the audit firm will be subject to the Bank's prior approval. The reports should be submitted to the Bank latest six months after the closing of each fiscal year. When the project is launched, the project team will be trained on the rules and procedures concerning procurement, disbursement and financial management. Audit costs will be paid with NTF resources. In parallel, the project will be subject to control by the Inspectorate-General of Finance (IGF) and audit by the Court of Auditors, as stipulated in Decree No. 2015-475.

4.2 Monitoring

4.2.1 The project will be implemented over a three-year period starting from the second half of 2016. Once the additional staff is recruited, the Bank will organize a launching mission to ensure the fulfilment of all conditions for a rapid and effective project start-up.

4.2.2 Internal monitoring/evaluation will be performed by the PAIA-ID monitoring/evaluation specialist, following the existing system which will be amended to allow for the new activities. A monitoring/evaluation assistant will be recruited to strengthen the capacity of the existing system. The ESMP implementation will be monitored by the PAIA-ID environmentalist.

4.2.3 External monitoring/evaluation will be conducted by a multi-disciplinary team under the responsibility of the Directorate of Evaluation and Projects (DEP), in association with the ministries involved such as the Ministry of Planning and Economy, Finance and Budget. Half-yearly missions will be fielded to measure the progress and actual impacts of the project, and make recommendations to address the problems encountered during implementation. The project will provide the missions with the resources required to accomplish their tasks. A mid-term review will be conducted to ensure the smooth implementation of the project and propose adjustments, if necessary. PDC-ID and PAIA-ID joint supervision missions will also be carried out periodically by the Bank. Moreover, a joint final evaluation will be conducted towards the end of the project to draw relevant lessons and build on project gains.

4.2.4 The project implementation schedule is presented in Table 4.7 hereunder:

Table 4.7
Implementation and Supervision Schedule

No.	ACTIVITIES	PARTY RESPONSIBLE	TIMING
1	Loan approval	NTF	October 2016
2	Signing of Loan Agreement	Government/NTF	October 2016
3	Effectiveness of Loan Agreement	Government/NTF	February 2017
4	Authorisation of 1 st disbursement	Government/NTF	February 2017
5	Launch of project mission	Government/NTF	March 2017
6	Launch of procurement	Executing Agency	March 2017
7	Start of works and services	Executing Agency	October 2017
8	Mid-term review	Government/NTF	January 2018
9	Completion report	Government/NTF	December 2018
10	Completion of activities	Administration/Firms	June 2019
11	Project closure	ADF/Government	June 2020

4.3 Governance

Under Pillar I of its intervention strategy for the CSP 2013-2017 period, the Bank supports the Government through the targeted Capacity Building Support Project and the Post-Crisis Multisector Institutional Support Project. This project will support local governance by building the capacity of local authorities who often lack proper skills. The participatory approach that enabled the effective anchoring of this project on the priorities of Côte d'Ivoire will be proactively intensified during project implementation in order to achieve meaningful outcomes. Project monitoring will rely on its institutional implementation arrangements. The approach will help monitor progress in the implementation of project activities so that necessary adjustments may be effected at the mid-term review to better guide operations towards tangible outcomes. The other measures adopted concern: (i) conduct of annual financial audits; (ii) efficient coordination by the Project Coordination Team (PCT); and (iii) fielding of at least two supervision missions a year.

4.4 Sustainability

The project aims to ensure the sustainability of the gains of the PAIA-ID by consolidating value chains and improving the income of farmers, especially women and young people. The approach adopted in the formulation of this project, based on extensive consultation and involvement of the project's direct operators, will guarantee ownership of the project and the sustainability of its outcomes. Moreover, large-scale capacity building for women's and youth groups will make for efficient management of the production/processing units and the transport facilities that will be procured. Moreover, the involvement of regional technical services (ANADER, OCPV, etc.) in activities for assisting beneficiaries in implementing the project will guarantee the sustainable operation of various structures established by the project, especially for product marketing and processing. Private sector involvement in processing and marketing activities also guarantees the sustainability actions undertaken through the value chain dynamics. Furthermore, market gardening associations will be offered specific training to ensure efficient management and servicing of motor pumps, and the continued maintenance of water points. Training will be targeted specifically at equipment users and repairers (mechanics, repairers of motor pumps and product processing units), to supplement the on-going support provided by the Chamber of Trade as part of the PAIA-ID project.

4.5 Risk Management

The main risk is linked to climate change, which could have an adverse impact on the level of agricultural production - an area directly related to product processing and marketing. This

risk is taken into account in the ESMP and also in the design of certain project activities (choice of short-cycle varieties in partnership with the CNRA, and digging of catch basins to secure irrigation water during the off-season, etc.). The risk of men taking over niches where women are predominant cannot be ruled out. To minimize this risk, the project will build women's capacity in agribusiness and raise gender awareness among the target populations. A gender expert has been recruited for the PAIA-ID to strengthen the project team. Similarly, the PDC-ID plans to hire several experts on an ad hoc basis to help modernize the activities of farmer's groups, particularly in the development of value chains for the various agricultural products in the region.

4.6 Knowledge Building

The PDC-ID will contribute to training and consolidating the knowledge acquired by the various stakeholders, especially producers, through the support and training provided by its technical services in terms of advisory support, structuring and organization. In an inclusive manner, the project will also enable young people and women to develop technical and entrepreneurial capacity, and gain a foothold in certain segments of the value chain. The technical support mechanism provided by the project will enable young promoters to develop their knowledge in their chosen fields, and that will help produce a class of entrepreneurs with a sound understanding of the business environment. Also, the project will establish a system for the integrated management and sharing of knowledge on project activities through regular posting of information on acquired knowledge and experiences on its website and that of MINADER. There is provision for the regular update of the site.

V. LEGAL FRAMEWORK

5.1 Legal Instrument

The legal framework will be a Loan Agreement between the Republic of Côte d'Ivoire and the African Development Bank, acting as the Administrator of the Nigeria Trust Fund.

5.2 Conditions Associated with Bank Intervention

The Bank's intervention shall be subject to fulfilment of the following special conditions:

A. Condition precedent to loan effectiveness

The effectiveness of the Loan Agreement will be subject to fulfilment by the Borrower of the conditions set forth in Section 12.01 of the General Conditions Applicable to African Development Bank Loan Agreements and Guarantee Agreements (Sovereign Entities).

B. Conditions precedent to first disbursement

In addition to effectiveness of the Loan Agreement, the first disbursement of the Loan shall be subject to fulfilment, by the Borrower, and to the satisfaction of the Bank, of the following condition:

Provide the Bank with evidence of the opening of a special account with a bank acceptable to the Fund, to receive the loan resources (paragraph 4.1.8).

C. Other conditions

Also the Borrower shall, latest six (6) months following the effectiveness of the Loan Agreement:

- i. Provide evidence of appointment of an agribusiness expert, a procurement assistant and a monitoring and evaluation assistant (paragraph 4.1.1);
- ii. Provide evidence of amendment of the legislation governing the PAIA-ID National Steering Committee by adding to the latter representatives of the Directorate in charge of SME Support and the Directorate in charge of Planning in MINADER (paragraph 4.1.2);
- iii. Provide evidence of validation of the Procedures Manual for the establishment of the Value Chains Development Fund, which will be a condition precedent to first disbursement from this Fund (paragraph 2.1.2).

5.3 Compliance with Bank Policies

The NTF financing will maximize the achievement of the overall objective of PAIA-ID, and promote agribusiness and the inclusive emergence of entrepreneurship in the region. The project is also in line with the Bank's Sector Policy, Ten-Year Strategy 2014-2018 and Gender Strategy.

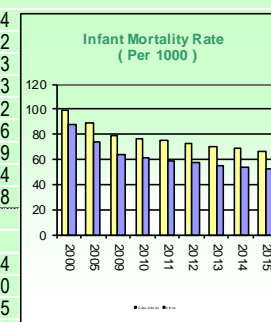
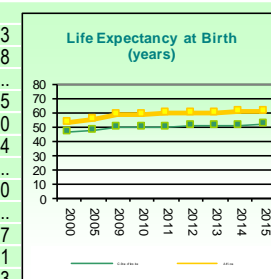
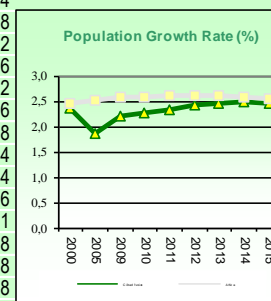
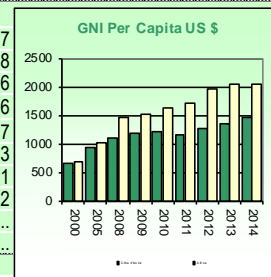
VI. RECOMMENDATION

Management recommends that the Board approve the proposal to grant a loan of UA 4 million from NTF resources to the Government of Côte d'Ivoire to finance the Value Chains Development Project in Indénié-Djuablin Region.

APPENDIX I: COMPARATIVE SOCIO-ECONOMIC INDICATORS OF CÔTE D'IVOIRE

Côte d'Ivoire COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Côte d'Ivoire	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2016	322	30 067	94 638	36 907
Total Population (millions)	2016	23,3	1 214,4	3 010,9	1 407,8
Urban Population (% of Total)	2016	51,4	40,1	41,6	80,6
Population Density (per Km²)	2016	73,1	41,3	67,7	25,6
GNI per Capita (US \$)	2014	1 460	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2016	67,0	65,6	63,9	60,3
Labor Force Participation **- Female (%)	2016	52,5	55,6	49,9	52,1
Gender -Related Development Index Value	2007-2013	0,468	0,801	0,506	0,792
Human Develop. Index (Rank among 187 countries)	2014	172
Popul. Living Below \$ 1.90 a Day (% of Population)	2008-2013	29,0	42,7	14,9	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	2,4	2,5	1,9	0,4
Population Growth Rate - Urban (%)	2016	3,6	3,6	2,9	0,8
Population < 15 years (%)	2016	42,3	40,9	28,0	17,2
Population >= 65 years (%)	2016	3,0	3,5	6,6	16,6
Dependency Ratio (%)	2016	83,0	79,9	52,9	51,2
Sex Ratio (per 100 female)	2016	103,4	100,2	103,0	97,6
Female Population 15-49 years (% of total population)	2016	23,5	24,0	25,7	22,8
Life Expectancy at Birth - Total (years)	2016	52,3	61,5	66,2	79,4
Life Expectancy at Birth - Female (years)	2016	53,2	63,0	68,0	82,4
Crude Birth Rate (per 1,000)	2016	36,6	34,4	27,0	11,6
Crude Death Rate (per 1,000)	2016	13,1	9,1	7,9	9,1
Infant Mortality Rate (per 1,000)	2015	66,6	52,2	35,2	5,8
Child Mortality Rate (per 1,000)	2015	92,6	75,5	47,3	6,8
Total Fertility Rate (per woman)	2016	4,9	4,5	3,5	1,8
Maternal Mortality Rate (per 100,000)	2015	645,0	495,0	238,0	10,0
Women Using Contraception (%)	2016	21,1	31,0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004-2013	14,4	47,9	123,8	292,3
Nurses and midwives (per 100,000 people)	2004-2013	48,3	135,4	220,0	859,8
Births attended by Trained Health Personnel (%)	2010-2015	59,4	53,2	68,5	...
Access to Safe Water (% of Population)	2015	81,9	71,6	89,3	99,5
Healthy life expectancy at birth (years)	2013	47,0	54,0	57	68,0
Access to Sanitation (% of Population)	2015	22,5	39,4	61,2	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2014	3,5	3,8
Incidence of Tuberculosis (per 100,000)	2014	165,0	245,9	160,0	21,0
Child Immunization Against Tuberculosis (%)	2014	84,0	84,1	90,0	...
Child Immunization Against Measles (%)	2014	63,0	76,0	83,5	93,7
Underweight Children (% of children under 5 years)	2010-2014	15,7	18,1	16,2	1,1
Daily Calorie Supply per Capita	2011	2 799	2 621	2 335	3 503
Public Expenditure on Health (as % of GDP)	2013	1,7	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2015	89,6	100,5	104,7	102,4
Primary School - Female	2010-2015	83,6	97,1	102,9	102,2
Secondary School - Total	2010-2015	40,1	50,9	57,8	105,3
Secondary School - Female	2010-2015	33,2	48,5	55,7	105,3
Primary School Female Teaching Staff (% of Total)	2010-2015	25,7	47,6	50,6	82,2
Adult literacy Rate - Total (%)	2010-2015	43,3	66,8	70,5	98,6
Adult literacy Rate - Male (%)	2010-2015	53,3	74,3	77,3	98,9
Adult literacy Rate - Female (%)	2010-2015	32,7	59,4	64,0	98,4
Percentage of GDP Spent on Education	2010-2014	4,7	5,0	4,2	4,8
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2013	9,1	8,6	11,9	9,4
Agricultural Land (as % of land area)	2013	64,8	43,2	43,4	30,0
Forest (As % of Land Area)	2013	32,7	23,3	28,0	34,5
Per Capita CO2 Emissions (metric tons)	2012	0,3	1,1	3,0	11,6



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

last update :

August 2016

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: Status of On-going AfDB Portfolio in Côte-D'Ivoire (May 2016)

Project Name	Loan/Grant Amount in UA Million	Approval Date	Signature Date	Amount Disbursed	Disbursement Rate	Closing Date
PUBLIC SECTOR PROJECTS						
1. Targeted Support and Capacity Building Project	23.00	24-Nov.-10	10-June-11	14.38	67.83%	30-Dec.-16
2. Agricultural Infrastructure Project in the Indénié-Djuablin Region (PAIA-ID)	21.60	01-mars-12	20-mars-12	10.04	49.1%	28-feb.-18
3. San Pedro Autonomous Port Extension Study	1.4	27-Dec.-12	30-June-13	0.56	39.7%	31-Aug.-16
4. Liquid Waste Development Support Project (African Water Facility)	1.00	4-Sept.-13	13-June-14	0.03	2.91	31-Dec.-17
5. Project to Enhance the Competitiveness of the Industrial Sector (PARCSI)	10.00	30-Sept.-2015	11-Dec.-2015	-	-	31-Aug.-19
6. Social Cohesion Support Programme	30.00	13-June-14	25-June-14	18.00	60.00%	31- Dec.-15
7. Bélier Region Agro-industrial Pole Project (PPF)	1.00	17-oct-14	9-Feb.v-15	0.18	18.41%	31-July-16
8. Entrepreneurship Development Support Project in Côte d'Ivoire	0.7	16-Dec.-14	4-Sept.-15	-	-	15- Dec.-16
Public Sector Sub-Total	88.7			44.9	50.7%	
MULTINATIONAL PROJECTS						
9. Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) Electricity Networks Interconnection Project	33.00	6-Nov.-13	22-Nov.-13	0.80	2.40	31- Dec.-18
10. Mano River Union Road Development and Transport Facilitation Programme	96.63	17-Dec.-14	4-June-15	-	-	30-June-20
11. Ebola Response Programme	6.00	1-Oct.-2014	1-Oct.-2014	6.00	100%	31- Dec.-2016
12. Bamako-Zantiébougu-Boundiali-San Pedro Corridor Highway Project (CI/Mali)	70.00	15-Nov.-15	2- May- 2016	-	-	-
13. African Trade Insurance (ATI) Country Membership Programme	10.00	15-Sept.-15	10- May -2016	-	-	-
Multinational Projects Sub-Total	215.8			6.80	3.1 %	
PRIVATE SECTOR PROJECTS						
14. MicroCred Côte d'Ivoire (FAPA: Technical Assistance)	0.7	16-Apr.-10	11-June	0.34	47.00%	31- Dec.-16
15. Electric Power Plant Extension Project (CIPREL)	40.02	24-July-13	14-Aug.-13	31.64	78.74%	15-Oct.-16
16. SUCDEN Project	80.00	10-July-2015	7-Dec.-2015	80	100%	30-June-2016
17. AZITO Electric Power Plant Extension Project	23.11	24-July-13	14-Aug.-2013	23.1-	100%	27-Feb.-20
Private Sector Sub-Total	144.0			135.08	93.8%	
GRAND TOTAL	448.5			186.83	41.7%	

Appendix III: Note on Consideration of the Country's Fragility

Country Context: Situation of Vulnerability and Governance

1. Since the post-electoral crisis of 2010 which caused the loss of many lives and the destruction of socio-economic infrastructure, the pillaging of government services, the worsening of the security situation, the destruction of the social fabric, the massive displacement of people and the closure of many businesses, leading to a slowdown in economic activity – which has a long-term impact on the country's economic potential – Côte d'Ivoire has made significant progress that has undoubtedly put the country on the road to sustainable resilience. This progress includes strengthening of security and stability, economic recovery with impressive growth rates, implementation of major institutional reforms, renewed stability, consolidation of social cohesion, and strengthening of regional cooperation. However, despite these improvements, the country remains vulnerable, owing to social, national, regional and global factors.

2. At the national level, the country's vulnerability remains affected by an unstable security situation, coupled with a judicial system that has been disrupted considerably by the various crises that have hit the country, and by an administrative system that is still having difficulty delivering basic quality services across the country. Efforts of reconciliation and repair of the social fabric are being undermined by issues of impunity – which foments grudges in the other camp of the post-electoral crisis and compromises the prospects of national reconciliation – land conflicts, identity issues and frustrations arising from the feeling of exclusion among a segment of the population. The country also remains vulnerable to exogenous shocks relating to terrorist threats and risks of contagion from the instability in neighbouring countries, economic dependence on coffee and cocoa, and the harmful consequences of climate change on available natural resources. For its part, the judicial system has suffered following decades in which it was used as a political instrument by successive Governments. The system has been criticized for lacking independence, for being corrupt, and for its insufficient physical and technical resources. Following the crisis, the mistrust between citizens and the judiciary remains pronounced. With this in mind, the Government has initiated a number of projects to reform the justice sector. Significant progress has been made so far, although it remains modest compared with the expectations generated by the change in regime.

3. In the sphere of governance, a number of measures have been taken over the past few years to improve the situation in the country. This process, which is coordinated by the National Secretariat for Governance and Capacity Building (SNGRC), has led to the development of many instruments, including an ethics charter, a code of ethics for public employees and draft legislation on the prevention and combating of corruption, on the establishment of a high authority for combating corruption, and on the establishment of anti-corruption courts. In 2012, an anti-corruption brigade was established and a code of ethics for Treasury employees was adopted. On 4 January 2013, the Government adopted a national good governance and anti-corruption plan (2013-2017). The administrative capacity of the Ivorian Government remains weakened, at both the central and the local level, with regard to management of procurement, preparation, implementation, monitoring and evaluation of development programmes or projects, and incorporation of the principle of accountability. Despite enormous strides in the development of social infrastructure, major problems remain across the country with regard to access to basic social services (health, education and

drinking water), food security and rehabilitation needs (infrastructure, shelters). In addition, notwithstanding the remarkable progress recorded, corruption perception remains high, according to Transparency International's Corruption Perception Index (107th in 2015 versus 130th out of 180 countries in 2012), and the World Bank's recent assessment of governance in Côte d'Ivoire shows that more than 90% of people surveyed consider corruption one of the most serious problems facing Ivorian society today. Public-private partnerships (PPPs) are suffering from the absence of a formal framework for consultation, and are sometimes used fraudulently for private deals. Indeed, it is worrisome that in 2012, close to 40% of public contracts were awarded through private deals (compared with about 30% in 2011 and 2010).

4. At the social level, the post-electoral conflict has deepened the social divide created by years of crises, and rekindled identity/ethnic tensions and land conflicts. Despite the return to calm and the calls for national reconciliation issued by the new authorities and the international community, the social fabric remains fragile in some regions and certain urban areas. Therefore, it is necessary to continue the efforts to achieve lasting reconciliation, renewed social cohesion and inclusive growth, which will ensure stability and prosperity for all Ivorians. The thorny issue of the nexus between rural land and ethnicity is generating feelings of insecurity among locals, whose lands are being illegally occupied and appropriated. Despite the law, control over land remains a source of community and inter-generational conflicts. This ticking time bomb demands urgent political, legal and cultural solutions to ensure that it does not become another source of crisis in the country.

5. Despite the steady uptrend in growth rates and the increase in income levels over the past few years, the Ivorian people are suffering from rising impoverishment, which is affecting certain groups more than others. There are wide disparities between communities and regions. Regional disparities are glaring and rural communities are more affected by poverty. Similarly, conditions in the North, West and Northwest regions are just as precarious. Young people and women in particular are facing socio-economic difficulties. As had been noted in the report of the national investigation committee set up following the post-electoral crisis, *“young people were performing violent acts at the direction of political leaders and community actors. Young people were armed for war, mobilized by speeches advocating hatred and revenge.”* It is therefore important to pay special attention to these vulnerable groups, in order to make progress towards stability and inclusive growth, which are essential for the country's resilience. Aware of this situation, the Ivorian Government has made youth employment one of its priorities and has undertaken a number of initiatives to address the concern. However, much remains to be done to solve the structural and institutional problems that are preventing the creation of decent jobs in Côte d'Ivoire, including developing the private sector, improving the business climate, promoting competitiveness, investing in promising infrastructure (including in the green economy), and reforming the labour market regulatory framework.

6. Despite the measures taken, gender inequalities persist in various aspects of life, including in education, health, participation and within the legal and institutional framework for the promotion of gender equity. Gender inequalities are also widespread when it comes to access to and control over resources (including land), economic opportunities, power and political opinion. Although they are declining, these inequalities remain significant and the scale of discrimination varies considerably across regions. The South region of Côte d'Ivoire has relatively low gender equality indicators, owing to the level of education, the economic power of women and the progress made with regard to maternal health. Gender mainstreaming is hampered by cultural beliefs, the fact that women are unaware of their rights

and obligations, and the fact that regulatory and legislative instruments are not adequately streamlined or properly implemented to promote equality and equity between men and women.

7. Years of crises in Côte d'Ivoire have led to a resurgence of all kinds of violence, including gender-based violence, and have exacerbated the vulnerability of certain social groups, in particular women, young people and children. Violence and sexual aggression against women and young girls have led to HIV infections, unwanted pregnancies and other health complications, and ultimately stigmatization and exclusion from their communities.

8. At the regional level, Côte d'Ivoire is located in a fragile sub-region. West Africa is a region where ethnic, cultural and social relationships and conflicts transcend national borders. In the Mano River Union (MRU) region, which is shared by Côte d'Ivoire, Guinea, Liberia and Sierra Leone, successive crises over the past 20 years have caused more than 300 000 deaths, millions of displaced persons and widespread economic under-development. Therefore, the MRU - which today includes neighbouring Mali, in a post-conflict situation - is a problem area where former child soldiers who are now adults, former rebels and other militias are forming mercenary groups to pursue their criminal activities across borders. These groups are threatening the stability of the sub-region as a whole. For all countries in the area, including Côte d'Ivoire, the risks of contagion from neighbouring instability are substantial with regard to both the security (terrorism, entry of combatants, weapons, illegal cross-border trafficking) and the humanitarian situation (influx of refugees). Regional cooperation is indispensable for lasting solutions to the security and humanitarian problems facing Côte d'Ivoire and its neighbours. Consequently, reconstruction and reconciliation efforts in Côte d'Ivoire must take into account the regional dimension of fragility; concerted security, humanitarian and social solutions should also be contemplated at the sub-regional level.

9. Economic dependence on the coffee-cocoa sector is a source of fragility. Cocoa is the main economic resource of Côte d'Ivoire, representing 40% of world production. Coffee and cocoa account for 20% of GDP and 40% of export earnings. These two products are vital for the survival of about 4 million people, representing 25% of the Ivorian population. The sector employs more than half of the country's work force, including a high proportion of women, and remains one of the main engines of economic growth. Although the Ivorian Government has re-instituted a guaranteed producer price, the volatility of coffee and cocoa prices worldwide can still harm the economy and generate serious social consequences for the country. Many studies have shown that *"a country whose economy depends on the export of a limited number of primary products is more likely to be politically fragile"* and prone to conflicts. This has been demonstrated in Côte d'Ivoire where, at a time when land is rare, the race to use the forest for the production of coffee and cocoa is among the main causes of land conflict and social malaise. Diversification efforts will help to reduce the vulnerability of the economy to the changing conditions in the cocoa sector and strengthen the country's resilience. A National Agricultural Investment Programme (PNIA) has been set up to promote the development of agriculture, the diversification of agricultural products and food security. To achieve solid and growing prosperity, sector diversification, including the processing of primary products, is also indispensable. New sectors should be developed to create new jobs.

Structure, Scope and Agricultural Potential

10. Agriculture was at the heart of what was called the "Ivorian miracle" initiated by former President Felix Houphouët-Boigny in the 1960s-1970s. Since then, the Ivorian economy has always been driven by agriculture, with a variety of products that bolstered food

security and exports. The vital role of agriculture in the Ivorian economy is confirmed by the statistics: it represents 30% of GDP, 70% of export revenue and employs 60% of the work force. Côte d'Ivoire is the world's leading exporter of cocoa (35% of the market), of cola nuts and of cashew nuts, the leading African producer of latex (rubber), and a major producer of banana, pineapple, coffee, cotton, yam, etc. The challenge today is to further promote the processing of these products locally in order to make the most of their value added, especially at a time when food security in Côte d'Ivoire risks being compromised by a combination of factors: insufficient infrastructure, low income, unstable weather conditions, widespread poverty and the absence of food processing industries, making it necessary for the country to import food items. Investing in new technologies and sustainable methods of crop production, and improving agricultural practices may help to transform farmers from subsistence and semi-commercial producers to commercial farmers, thereby increasing their means of subsistence and food security.

11. Agro-industries (agribusinesses) play a major role at various levels of the broad agro-food chain – from primary production to processing, logistics, marketing, and supply of inputs and services. They are also the leading employers in the economy and play a major role in the provision of rural infrastructure. The money spent in agriculture generates more value than the money spent in industry, owing to the multiplier effect of the value chain. Nonetheless, competitiveness remains the key to success for agro-industries. To develop a competitive and lasting agribusiness, the focus must be on the various components of the agro-food chain, including a wide variety of initiatives to boost productivity of value chain upgrading operations by empowering peasant organizations and involving them in strategic partnerships. To remain competitive, agribusinesses must anticipate and respond effectively to rapid changes in technology in the agricultural sector. It is essential for all decision makers to understand technology, to incorporate their technology strategy into their corporate strategy, and to actively manage technological innovation.

12. Financial constraints could seriously jeopardize productivity and impede innovation in the agribusiness sector. Consequently, to make the sector sustainable and inclusive, the necessary financial resources must be made available to SMEs and small operators. Insurance schemes may also help to mitigate the risks inherent in the sector and to improve access to financing for small operators by creating safety nets for financial institutions. In rural areas, expansion of the agribusiness sector may be facilitated by improved rural infrastructure, access to energy and water, connection of rural populations to markets, and reduction of production and transport costs.

Obstacles to the Efficient Development of Agribusiness

13. As is the case across Africa, agribusiness in Côte d'Ivoire remains essentially a small-scale operation. SMEs are mostly informal and there are very few multinational corporations in the sector. Production in the agribusiness sector in Côte d'Ivoire may be affected by a number of challenges that could discourage potential investors and weaken existing businesses. These include:

- Insufficient transport, storage, and electricity and water supply infrastructure;
- Unfavourable weather conditions, vulnerability to diseases and harmful insects;
- Low productivity in agriculture and throughout the agro-food chain;

- Huge post-harvest losses, leading to price escalation;
- Limited financial resources, including access to credit and other productive assets for small operators;
- Poor governance of land systems;
- Lack of access to markets and market information;
- Absence of or limited access to any existing simplification, research, technology and expert services;
- Lack of financial safety nets, such as agro-business insurance; and
- Weak political institutions and lack of reliable regulatory frameworks.

Contribution of the PDC-ID to overcoming these obstacles and reducing fragility

14. To take advantage of the opportunities offered by agribusiness in the agro-food sector, the agricultural sector must undergo a structural transformation. In this regard, there is need for a sustainable transition from subsistence agriculture to productive agriculture that allows farmers to participate fully in the market economy. This goal may be achieved by increasing productivity in an ecologically and socially sustainable manner, and improving access to sustainable farming methods tailored to the needs of small operators. Technical training must also be strengthened by facilitating access to extension services, investing in agricultural research, and improving technology transfer and access to credit. Furthermore, it is important to address factors of production, such as the distribution of seeds, fertilizers, crop protection products, resilient irrigation systems and farm equipment. In addition to productivity, it is necessary to improve value chains in order to produce high value-added agro-food products. This will help to substantially enhance competitiveness and satisfy domestic and regional demand. It is equally essential to improve logistics and transport services, as well as access to energy and water. A favourable legal and regulatory framework that gives investors the security they need and reduces red tape is of equal importance. The participation of the private sector, of small farmers (particularly young people and women), of cooperatives and producer organizations, will help to speed up the transformation of the agricultural sector, and to strengthen resilience and reduce fragility. The PDC-ID will contribute to the implementation of these activities.

Appendix IV: Map of the Project Area

République de Côte d'Ivoire REGION DE L'INDENIE DJUABLIN

