

# AFRICAN DEVELOPMENT BANK GROUP



**PROJECT:** **ADDITIONAL FINANCING TO THE RICE VALUE CHAIN TRANSFORMATION PROGRAMME (RVCP)**

**COUNTRY:** **REPUBLIC OF THE GAMBIA**

**SAP CODE:** P-GM-AA0-019

*Date: July 2022*

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# **AFRICAN DEVELOPMENT BANK GROUP**



## **REPUBLIC OF THE GAMBIA**

### **ADDITIONAL FINANCING TO THE RICE VALUE CHAIN TRANSFORMATION PROGRAMME (RVCP) - (AEFPF -GAMBIA)**

**RDGW/AHAI DEPARTMENTS**

July 2022

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## CURRENCY EQUIVALENTS

*As of June*

1 UA	=	1.39 USD
1 UA	=	1378.37 MWK
1 USD	=	1021.24 MWK

## FISCAL YEAR

1<sup>st</sup> January to 31<sup>st</sup> December

## WEIGHTS AND MEASURES (If relevant)

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

## ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AfDB	African Development Bank
AFCREF	Africa Food Crisis Response Emergency Facility
AUC	African Union Commission
CRF	COVID-19 Rapid Response Facility
CSP	Country Strategy Paper
CPCU	Central Project Coordinating Unit
DAO	District Agricultural Office
DCAFS	Donor Committee on Agriculture and Food Security
E&S	Environmental and Social
ESAP	Environmental Social Assessment Procedures
FAO	Food and Agriculture Organization of the United Nations
GBV	Gender-Based Violence
GCAV	Gambia Commercial Agriculture Value Chain Project
GCCI	Gambia Chamber of Commerce and Industry
GMD	Gambian Dalasi
GDP	Gross Domestic Product
GoTG	Government of The Gambia
IFAD	International Fund for Agricultural Development
IsDB	Islamic Development Bank
MDBs	Multilateral Development Banks
MOA	Ministry of Agriculture
MoF	Ministry of Finance
MTR	Mid Term Review
NDP	National Development Plan
NSS	National Seed Secretariate
PBOs	Policy-Based Operations
PIU	Project Implementation Unit
RMCs	Regional Member Countries
RVCP	Rice Value Chain Transformation Project
SME	Small and Medium Enterprise
SEAH	Sexual Exploitation Abuse and Harassment
TAAT	Technologies for African Agricultural Transformation
TSF	Transition Support Facility
UA	Unit of Account
WB	World Bank

## Grant INFORMATION

### Client's Information

**RECIPIENT:** Republic of The Gambia  
**EXECUTING AGENCY:** Ministry of Agriculture (MoA)

### Financing Plan

Source	Amount (UA million)	%age	Instrument
TSF Pillar I	2.5	100%	TSF Pillar, I Grant
Government	0.	.....%	Counterpart funding
Beneficiaries	0.	.....%	Counterpart funding
<b>Total Cost</b>	<b>0.</b>	<b>100.0%</b>	

### TSF's key financing information

TSF Grant currency	Unit of Account
FIRR, NPV (base case)	47%
EIRR (base case)	37%

*\*if applicable*

### Timeframe - Main Milestones (expected)

Concept Note Approval (Regional Director)	June 2022
Board Approval	July 2022
Effectiveness	August 2022
Last Disbursement	June 2024
Project Closing Date	December 2024

Project ID/SAP Code:

**P-GM-AA0-019**

# REPORT AND RECOMMENDATION OF THE MANAGEMENT TO THE BOARDS OF DIRECTORS OF THE BANK AND THE FUND ON A PROPOSED ADDITIONAL FINANCING TSF PILLAR I GRANT TO THE REPUBLIC OF THE GAMBIA FOR THE RICE VALUE CHAIN TRANSFORMATION PROJECT (RVCP)

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Management submits the following Report and Recommendation on a proposed TSF grant of UA 2.5 million as Additional Financing for the Rice Value Chain Transformation Programme (RVCP) in The Gambia.

## 1. INTRODUCTION

1.1 On 8<sup>th</sup> December 2018, the Boards of Directors of the Bank and the Fund approved the Rice Value Chain Transformation Project (RVCP) in The Gambia. The project was designed with the objective of increasing local production with emphasis on commercialized production and value-added processing of the rice value chain. With a total grant financing of **Five million Unit of Account** (UA 5 million) which consist of *ADF grant of four million, two hundred and thirty thousand Unit of Accounts (UA4,230,000.00) and an TSF grant of seven hundred and seventy thousand Unit of Accounts (UA 0,770,000.00)*, **the overall** goal of the RVCP is to improve farm income, rural livelihoods, food and nutrition security and contribute towards poverty reduction through improved production, processing and marketing of the rice as well as reducing the high importation of rice into the country.

1.2 The Boards of Directors of the Bank and the Fund approved a UA 1.1 billion African Emergency Food Production Facility (AEFPF) on 20 May 2022 to help African countries avert a looming food crisis due to the disruption of food supplies arising from the ongoing Russia-Ukraine war. The AEFPF will focus on three pillars; (i) delivering certified quality seeds of climate-adapted varieties, fertilizers, and extension services; and post-harvest loss; ii) providing financing for the large-scale supply of fertilizers to wholesalers and aggregators to bridge the supply gap, to meet the immediate liquidity requirements; and iii) promoting policy dialogue and the implementation of policy reforms to address structural factors that are preventing modern inputs from reaching farmers in the short and medium term. The Government of the Gambia was among countries in the continent that requested Bank's support under AEFPF Framework.

1.3 The Government of The Gambia (GOTG) requested for additional financing under the African Emergency Food Production Facility (AEFPF) to mitigate the effects of the Russia-Ukraine crisis and enable the Government to meet the country's food production for 2022 and 2023. The total grant of two million and five hundred thousand unit of account (UA 2.5 million) is being requested as additional financing to the existing Bank Group-financed Rice Value Chain Transformation Project (RVCP). The additional financing will focus on the provision of subsidized inputs and policy reforms commitment on the following; i) A nation-wide scaling up of food production with the provision of climate-resilient inputs at a subsidized rate to the smallholder farmers through the RVCP delivery platform, ii) Enhancing the existing farmer registration database for smart delivery of subsidies and targeted extension services to smallholder farmers, and iii) Strengthen Policy reforms within the fertilizer sub- sector.

1.4 The project is being prepared following an official request of the Government of the Gambia dated 26 May 2022. The design of the additional financing project builds on the existing seed and fertilizer distribution systems in the Gambia developed by the RVCP and also explores innovative approaches for smart delivery of subsidised inputs easily accessible farmers especially vulnerable groups such as women and youth while ensuring transparency and accountability. The purpose of the additional financing under the AEFPF which will be known as the Gambia AEFPF, is to reduce the impact of the Russia-Ukraine Conflict on food production and nutritional security in the Gambia. Its objective is to increase food production, to avert food crisis and build the resilience of value chain actions for future shocks.



1.5 The report has followed the additional financing format, however all the elements on the African Emergency Food Production Facility (AEFPF) intervention for the Gambia is provided in the annex.

## **II. DESCRIPTION OF ORIGINAL PROJECT- THE RICE VALUE CHAIN TRANSFORMATION PROJECT (RVCP)**

2.1 The RVCP project was conceived with three components namely: (1) Production and Productivity Support, (2) Agribusiness, Market and Capacity Development, and (3) Project Management. Details of each component as designed at appraisal are given in the below table.

Table: 2.1 Detailed description of RVCP Components

<b>Components</b>	<b>Component Description</b>
<b>Component 1: Production and productivity Enhancement</b>	i) Provision of seeds and agro-inputs multiplication and dissemination to enhance farmers' access to inputs. ii) Developing the data base solution to provide a fit-for-purpose M&E System and delivery platform. iii) Technical capacity development & advisory Support to the National Seed Service/ National Agricultural Research Institute (NARI) for production of foundation and certified seeds. iv) Support Seed Traders Association to increase the quantity of certified seeds required to reach at least 30,000 farmers v) Disseminating technologies selected under the auspices of TAAT for increased productivity at field level
<b>Component 2: Agribusiness Market and Capacity Development</b>	i) Improve market access including promotion of agro processors and strengthening linkages between smallholder farmers and other value chain actors using existing market information systems, post-harvest practices. ii) Establishing youth service centres to be operationalized by the Youth in Agribusiness. iii) Supporting the establishment of Rice Farmer Cooperatives/groups and structuring its governance system through the Farmer business schools. iv) Capacity building for public institutions (extension delivery, National Agric. research, National Seed Service and National Bureau of Standards) in the rice value chain. v) Capacity building and technical support for value chain actors including training on Good Agricultural Practices (GAPs).
<b>Component 3: Project Management</b>	i) Coordinate activities of project and other Agencies through an appropriate Central National Coordinating Unit. ii) Coordinate Monitoring, Evaluation and Reporting activities. iii) Coordinate Financial Management processes and ensure preparations for External Audits. iv) Mainstream Gender and promote community-based nutrition promotion activities

### **2.2 Project implementation status**

The ADF and TSF Grant Agreements were signed in January 2019. The date of entry into force was January 2019, however, the project was launched on 18<sup>th</sup> November 2019, with delays attributed predominantly to the prolonged recruitment of project staff. The Project Implementation Unit (PIU) and the Steering Committee are operational with, a supervision and project implementation support missions undertaken virtually due to the covid-19 pandemic travel restrictions. Despite experiencing delays in start-up, the project has made significant progress in attaining the developmental outcomes and outputs. The disbursement rate as of March 2022 is at 64% of total funds and the Government counterpart funding at 44%. In terms of physical performance, the project has strengthened and streamlined the rice value chain seed system (breeder, foundation, and certified seeds). The Gambia currently has 514Mt of certified seeds for the 2022 crop production, which was locally multiplied through extensive capacity building of the local institutions by the AfricaRice Center. This achievement is 50% above the set target of 215Mt in the appraisal report. The project has contributed to increasing income in the project region; in the 2020 and 2021 cropping season; GMD 17, 376, 000 (\$ 340, 706) was spent on certified rice seed buy-back scheme, an initiative introduced to empower the national smallholder seed grower association and private commercial farmers. As at mid-term, the project had directly reached 2,652 beneficiaries (30% of which are women) and the total rice produced by project beneficiaries is about 9,

163.58 Mt. This is attributed to the access and availability of production inputs (seed and fertilizers); and capacity development to promote increased yields (4 Mt - 10 Mt) by the RVCP.

### **III Additional Financing from the AEFPP Facility**

#### **3.1 Justification for the Additional Financing**

While Africa is yet to fully recover from the socio-economic repercussions of the COVID-19 pandemic, the Russia-Ukraine conflict poses another major threat to the continental and global economies, with many African countries being directly affected, including the Gambia. There have been disruptions in the global supply chain of key commodities produced by Russia and Ukraine, and sanctions imposed on Russia by western countries has further exacerbate commercial flows between Russia and Africa due to the closure of vital port operations in the Black Sea. Ukraine and Russia are net exporters of fertilizers, and Belarus, one of Russia's allies, accounts for another 16% of the global market share of potash exports. As Belarus is the target of international sanctions, the market has been affected hence a hike in fertilizer prices. Reductions in the manufacturing and shipment of fertilizers from Russia are not the only element that are raising prices for African farmers. Moreover, the energy crisis and the continued fallout from the COVID-19 pandemic were already destabilizing the fertilizer sector. Rapid rise in energy prices (oil, coal, and natural gas) have a direct knock-on effect on the volume of fertilizer produced leading to escalation in fertilizer prices to levels that smallholder farmers can hardly afford.

The Government of The Gambia has undertaken major strides in meeting food and nutritional security over the past few years especially the production of grains and support to agro-commodity value chains. However, despite these efforts, the country is still dependent on imports for the supply of certain key food products and staples. This dependence, particularly on basic inputs such as fertilizers, and other foodstuffs, has deepened the country's vulnerability to external shocks. The Gambia is one of the country's that has been at the receiving end of the hike in fertilizer prices on the global market. The prices on the Gambian market have increased by more than a 100%. Fertilizer price are currently 3,000 dalasi per bag, compared to 1500 dalasi at the beginning of the year. In 2021, the government procured 20,000mt of fertilizer, which was less than the 52,000mt of compound fertilizer needed for production on the cultivated land in the Gambia. With the current hike in fertilizer prices However, in 2022, the Government managed to procure 14,000mt of fertilizer and it's been estimated that the reduced availability and usage of fertilizer in the country will cut food production in half. The impact of COVID 19 on food production and supply chains, exacerbated by the consequences of the war in Ukraine, constitutes an additional threat to the country's food security and recalls the urgency of accelerating this food security objective. It is in this context that the Bank as part of its support to RMCs in coping with the crisis and mitigating the risks to the food systems in the short to medium term, has approved the Africa Emergency Food Production Facility (AEFPP).

The African Emergency Food Production Facility (AEFPP) is the Bank's newly approved rapid response framework to address the food crisis and disruption of the supply of critical inputs for food production arising from the war in Ukraine. AEFPP is to support countries address the risks to their food security by increasing food production through by delivering a full package of technology and extension services to millions of farmers and increasing countries' access to fertilizer and other inputs on a national scale. The AEFPP supports short-term interventions such as access to inputs that are critical for sustaining food production. The Government of The Gambia is requesting additional financing under the African Emergency Food Production Facility (AEFPP) to mitigate the effects of the Russia-Ukraine crisis and enable the Government to meet the country's food production for 2022 and 2023.

#### **3.2 Rationale for Bank Intervention**

The Gambia Food Emergency Production Facility intervention is informed by the lessons learnt from previous emergency response operations on the need for i) a quick disbursement of resources to expedite

mitigating measures towards the exacerbated effect of the conflict on the country's food production; ii) a targeted focus on policy reforms that would build resilience against future food crisis.

The project aligns with the objectives of the Bank Feed Africa Strategy and as part of the Bank's strategic support to the four goals of the Comprehensive African Agriculture Development Programme (CAADP); i) contribute to eliminating extreme poverty in Africa by 2025, ii) end hunger and malnutrition in Africa by 2025; make Africa a net food importer and iv) move Africa to the top of export-oriented global value chain where it has a comparative advantage. The additional financing supports the Country's Strategy Paper (CSP) (2018-2024) which proposes (i) Improved economic and financial governance for effective delivery of basic social services; (ii) Infrastructure investments supporting agriculture value chains and trade for inclusive growth as priority areas. It also contributes to the ADF-15 priorities specifically on strategic pillar II which stipulates: "human, governance and institutional capacity development for inclusive growth and job creation". The project aligns with the Bank's Gender Strategy (2021-2025) as it adopts a gender-responsive approach to increasing women's access to agricultural inputs, specifically seeds, fertilizers and extension information, the Climate Change and Green Growth Policy and Strategy (2021-2030) and Action Plan (2016-2021). This intervention is also aligned with the Bank's new strategy for addressing fragility and building resilience (2022-2026), because of the value of interventions in the agriculture sector for building long term resilience.

### **3.3 Meeting the Eligibility Criteria**

The Gambia AEFPPF is designed as additional financing to the on-going Bank financed Rice Value Chain Transformation Project to support the government to meet its fertilizer needs for the 2022 and 2023 agriculture planting seasons and to address policy reforms on fertilizer usage. The project follows the emergency relief assistance eligibility criteria checklist of the 2021 revised policy on additional financing (appendix ix), taking into consideration the satisfactory assessment of the RVCP fiduciary, environmental and social safeguards arrangement, the economic and financial viability, and the alignment with the AEFPPF intervention. The basis for the additional financing is to fill the required financing to scale up access to affordable inputs by smallholder farmers project to address the short to medium term emergency request by the GOGT to donor partners in mitigating the impact of the Ukraine crisis. This intervention is within the development outcome and scope of the Rice Value Chain Transformation Project to increase food production, build the resilience of farmers within the national food system and reduce reliance on imports. The component 1 of the RVCP project; Production and Productivity Enhancement, is structured to supply improved agricultural inputs and services to its beneficiaries. Hence, the request for additional financing is within the scope and objectives of the RVCP.

Given the small size (UA 2.5 million) of AEFPPF resources to the Gambia, and further assessment on the approved AEFPPF demonstrate that using the ongoing RVCTP project as an anchor to deliver the emergency relief assistance is a better option than designing the project as a stand-alone operation. The Gambia AEFPPF project has considered the principles and good practices of the existing seed and fertilizer distribution systems under the on-going Bank-financed Rice Value Chain Transformation Project. The AEFPPF is designed to hone the success and impact of the RVCTP by utilizing the implementation structure and farmer database and platform to promote the accessibility of subsidies for smallholder farmers. The AEFPPF additional resources will increase RVCP's coverage by an additional 20,000 people and 10,000 croplands and improve small holders access to subsidized inputs. The short-term outcome of the implementation of the additional activities will be the significant improvement of the national domestic food production and productivity, to address the longer-term challenge of food security, and sustainable livelihoods in the country.

### **3.4 Description of Additional Financing Activities (The Gambia-AEFPPF)**

The main concern for the GOTG is to ensure access to affordable and good quality inputs for smallholder farmers for the 2022/2023 cropping season. Therefore, building on the structure of the RVCP Component 1- *Production and Productivity Enhancement*, the additional financing – the Gambia

AEFPF will focus on i) the provision of subsidised fertilizer input using the RVCP platform, ii) enhancing the farmer registration database/platform to promote delivery of smart subsidies and enhance extension services for farmers, and iii) strengthen agriculture policy reforms within the fertilizer sub-sector. The description of the components is in the annex 1.

**Table 3.1: Description of Additional Financing Activities**

Component	Activities	Cost (USD)
<b>1) 1. Scale up Climate-resilient Production and Productivity (AEFPF Pillar I)</b>		
1.1 Provision of improved climate-resilient seeds to farmers	<ul style="list-style-type: none"> <li>Procurement of 350 kg of improved climate-resilient breeder seeds (Groundnut)</li> <li>Procurement of 2 Mt of improved climate-resilient foundation seeds (Groundnut)</li> <li>Support to NSS for seed multiplication.</li> </ul>	42,400
1.2 Provision of affordable fertilizer to farmers	<ul style="list-style-type: none"> <li>Procure 3,000mt of fertilizer for an acreage of 10,000 Ha of production area</li> <li>Supply/Transportation of 60,000 Bags of subsidized input for registered beneficiaries</li> <li>Support to last mile agro dealers on the delivery of fertilizer (this includes the CPMS &amp; transport)</li> </ul>	3,150,900
<b>2) Enhance farmer registration database for Smart Input Subsidies (AEFPF Pillar II)</b>		
2.1 Expansion of Farmer Registration Database collection and management.	<ul style="list-style-type: none"> <li>Procure 60 e-tablets for data collection and other extension services</li> <li>Upgrade the existing RVCP Data Base for Beneficiaries Input Distribution System</li> <li>Capture and entry of 20,000 new beneficiaries onto RVCP database (disaggregated by gender)</li> </ul>	35,000
2.2 Farmer training	<ul style="list-style-type: none"> <li>1000 farmers (women and men) trained in climate smart approaches to promote use of organic fertilizer and other technologies that enhance the uptake of soil nutrients from granular fertilizers in partnership with TAAT</li> </ul>	35,300
<b>3) Strengthen Agriculture Policy and Project Management (AEFPF Pillar III)</b>		
3.1 Agriculture Fertilizer policy development	<ul style="list-style-type: none"> <li>Study to support the development and implementation of the Fertilizer policy that is gender responsive and the development of the fertilizer smart subsidy scheme as part of the fertilizer strategy.</li> </ul>	130,000
3.3 Monitoring & Evaluation and Supervision	<ul style="list-style-type: none"> <li>Monitoring and evaluation</li> <li>Project Completion report</li> <li>Bank supervision missions &amp; 6-monthly progress reports</li> <li>Financial &amp; E&amp;S Audits</li> <li>Publicity and communication</li> <li>Allowances</li> </ul>	106,4000
<b>TOTAL</b>		<b>3.5 million</b>

## IV. THE GAMBIA AEFPF PROJECT COST

4.1 The Gambia AEFPF will be fully financed by a TSF grant of UA 2.5million and this amount is meant to come from the TSF unallocated reserves to cover the emergency support operations to be implemented as part of the RVCP. The project total cost of UA 2.5 (US\$ 3.5) million will cover all physical and price contingencies with no other counterpart financing from other sources. The financing plan for the additional financing under the AEFPF take into consideration the in-kind contributions of the RVCP, hence the government's contribution under the RCVTP will be applicable under this intervention. This includes in-kind contribution such as the use of existing project office spaces under the RVCP, other facilities such as warehouse spaces by the MOA and extension workers will be used in the implementation of the project. The leverage effect for the additional resources is expected from donor partners such as the World Bank (WB) who is supporting the Government with 600mt of certified rice and 150mt of certified maize seed for 3 years and will be complimented with the subsidized input provided under this resource. Additionally, the fertilizer policy support under this financing will complimentary the WB budget

support of US\$ 20 million to the GOTG of which a percentage will be targeted towards agriculture policy reforms. The summary of project costs tables are presented below.

**Table 4.2: The Gambia AEFPP Sources of Financing**

Source of Financing	Total (USD '000,000)	Total (UA '000,000)	%	Other
TSF Grant	3.5	2.5	100	
Government	0	0	0	
Beneficiaries	0	0	0	
<b>Total</b>	<b>3.5</b>	<b>2.5</b>	<b>100</b>	

**Table 4.3 Summary of Project Cost Estimates by Components (USD '000 and UA '000)**

Component	Cost (USD '000,000)			Cost (UA '000,000)			Foreign Cost (%)
	Local	Foreign	Total	Local	Foreign	Total	
1. Scale up Production and Productivity	0	3.19	3.19	0	2.28	2.28	91%
2. Enhance farmer registration database for Smart Input Subsidies	0	0.07	0.07	0	0.05	0.05	2%
3. Strengthening Agriculture Policy and Project Management	0	0.24	0.24	0	0.17	0.17	7%
<b>Total Baseline Costs</b>	<b>3.5</b>	<b>3.5</b>	<b>0</b>	<b>2.5</b>	<b>2.5</b>	<b>100</b>	<b>3.5</b>

**Table 4.4 Summary of Project Cost Estimates by Components (USD '000 and UA '000)**

Category of Expenditure		Amount (USD '000,000)		
		USD	UA	Percent (%)
A	Goods	3.08	2.20	88%
B	Services	0.31	0.22	9%
C	Operating Costs	0.11	0.08	3%
<b>Total Project Cost</b>		<b>3.5</b>	<b>2.5</b>	<b>100.00</b>

## V. IMPLEMENTATION

### 5.1. Implementation arrangements

5.1.1 The additional financing intervention-the Gambia AEFPP will utilize the existing implementation structure of the RVCP. The Ministry of Agriculture will remain the executing agency for this intervention. The existing implementation structure of the Rice Value Chain Transformation Project Implementing Unit (RVCP- PIU) has been assessed based on their capacity under project implementation and project ratings, financial management, disbursement, and procurement, and has been consistently satisfactory in its ratings. The decision to maintain the RVCP-PIU for the implementation of the project was in full consultation and agreement with the Ministry of Agriculture following the assessment. The RVCP currently has less than 30% undisbursed but allocated resources with a closing date of December 2024. The RVCP are capacitated to undertake the additional task of implementing the additional financing the AEFPP. The PIU is responsible for managing the entire project, including Identifying the farmer beneficiaries, input suppliers and last mile agro-dealers in consultation with the Ministry of Agriculture, CPCU and other government offices like the Gambia Public Procurement authority (GPPA).

## **5.2 Financial management and disbursement**

5.2.1 The Ministry of Agriculture (MOA) will execute the additional Financing for the African Emergency Food Production Facility (AEFPF) through its Central Projects Coordination Unit (CPCU) which constituted the Project Implementation Unit (PIU) currently implementing The Gambia Rice Value Chain Transformation Project (RVCP). The CPCU has been specifically setup up for the overall coordination, supervision and monitoring of all donors funded projects and programmes executed under the MOA. The existing FM system of the CPCU, including the FinEx accounting system, chart of accounts, FM manual, implementation manual and internal control procedures will be adopted to execute the AEFPF. The Project Accountant (who is dynamic and experienced on Bank rules) will be in charge of the FM function of the project under the overall supervision of the CPCU Coordinator and Financial Controller who are both experienced on the Bank's FM and disbursement rules. The CPCU has successfully executed the closed FASDEP, and Agricultural Value Chain Development Project (AVCD) and the ongoing Rice Value Chain Transformation Project (RVCP) funded by the Bank as well as other projects funded by the World Bank, the Global Environmental Fund (GEF), Islamic Development Bank and IFAD. The RVCP PIU is headed by a Project Director (PD), who has overall responsibility for the day-to-day administration and implementation of the project and reports to the CPCU Coordinator and the Bank. The CPCU in the last quarter of 2021 appointed the Project Accountant (PA) as Project Director, following the demise of the former PD, and the Assistant Project Accountant had been assigned as the PA. The assessment recommends that substantive staffing appointments be made, and the vacant assistant project accountant position be filled. In harmony with other CPCU managed projects and GOTG accounting standards, the PA will adopt the existing FinEx accounting package, chart of accounts, FM manual and International Public Sector Accounting Standards (IPSAS) Cash Basis accounting framework, to prepare project financial reports. On a quarterly basis, the PA will generate from FinEx accounting software, un-audited interim financial reports (IFRs) for the benefit of GOTG and shared with the Bank within 45days after the end of each calendar quarter. Annually, the PA will prepare project financial statements, covering all project activities for the fiscal year in line with IPSAS Cash Basis, which shall be (concurrently audited alongside with the RVCP) audited by the Auditor General of The Gambia or a competitively recruited independent private external audit firm. The audit terms of reference (TOR) shall be agreed with the Bank prior to the commencement of the audit. The PIU is conversant with the contents both IFRs and annual project financial statements and shall be further discussed and agreed during negotiation. The assessment further recommends that the existing project implementation manual (PIM) be adopted with minor amendments and implemented to guide project operations and implementation. The existing project steering committee (chaired by the MOA Permanent Secretary) shall provide strategic direction and oversight guidance as well as approve the annual workplans, budgets and procurement plans before submission for the Bank's 'no-objection'. The existing internal control procedures of CPCU managed projects, shall be implemented by the project to strengthen the control environment. The Internal Audit Directorate (IAD) will provide internal checks and periodically review project operations. The internal audit reports must be approved by the Director of the IAD before submission to the PSC, who will ensure that audit recommendations are implemented timely.

### **5.2.2 Disbursement Arrangements**

The project will adhere to the requirements prescribed in the Bank's disbursement Handbook. The Bank will issue a Disbursement Letter which will stipulate the salient disbursement arrangements for the project a Disbursement Letter of which the content will be discussed and agreed with the Government of the Gambia (GoTG) during negotiations. The following disbursement methods will be available for the proposed project: (i) Direct Payment method for Infrastructure/Civil works, goods and services (including audits); (ii) Special Account (SA) denominated in Foreign Currency to be opened at a bank acceptable to the Bank for the Project's use to which proceeds of the Grants will be deposited. Bank financed projects executed by the CPCU have generally made use of the Direct payment and Special account methods. The Direct payment method will be used for payments to suppliers for fertilisers and other agro input supplies which contracts will have to be signed between the project implement unit and suppliers. A dedicated



USD special account (SA) will be opened at the Central Bank of The Gambia to receive advances from the Bank for payments of operating costs. The other disbursement methods (Reimbursement of Payment and Reimbursement Guarantee) shall also be at the disposal of the project should the need arises during project implementation. For the use of the Revolving Fund (Special Account) method; a Gambian account will also be opened with a local Bank that is familiar with the farmers for the sales of the fertilizer subsidies with the signatories by the CPCU and the MOA.

**5.2.3 External audit:** The National Audit Office (NAO) shall concurrently audit the annual project financial statements with the RVCP, in line with its statutory mandate. In instances that the NAO is not able to carry out the audit due to capacity constraints, the NAO will lead the recruitment process of a private independent external audit firm to audit, concurrently both AEFPPF and RVCP. The recruitment process shall be competitive and follow an agreed upon procedure (using a list of approved audit firms), acceptable to the Bank. The audit terms of reference (TOR) shall be agreed with the Bank. The audit reports consolidating the AEFPPF and RVCP, shall consists of the audited financial statements with the auditor's opinion and accompanying management letter. The reports must be submitted to the Bank no later than six (6) months after the end of each financial year being audited. The audit cost shall be paid for from project resources.

**5.2.4 Overall Conclusion:** The assessment concluded the overall FM risk is rated substantial and to mitigate this further: (i) the CPCU will ensure that the project adopts the existing FM system of the CPCU, including the FinEx accounting system, chart of accounts, FM manual, and internal control procedures to execute the Project; (ii) the MOA will ensure that substantive appointments are made in the FM function and the vacant positions within the RVCP filled; (iv) amend and implement the existing project implementation manual (PIM) to guide project operation and implementation; and (vi) fully implement the FM action plan.

## **5.3 Procurement**

5.3.1 Procurement of goods (including non-consultancy services) works and the acquisition of consulting services, financed by the Bank for the Gambia AEFPPF will be carried out in accordance with the "Procurement Policy and Methodology for Bank Group Funded Operations" (BPM), dated October 2015 and following the provisions stated in the Financing Agreement and the procurement plan.

5.3.2 Bank Procurement Policy and Methodology (BPM): Bank standard PMPs, using the relevant Bank Standard Solicitation Documents (SDDs), will be used for Open Competitive Bidding International (OCB-I) and Restricted Tendering contracts for both goods and works and acquisition of Consulting Services as indicated in the Appendix VI of this document.

5.3.3 The Gambia's public procurement system which is underpinned by Public Procurement Act (PPA) of 2014 and its 2018 amendment was assessed for this additional financing and the same findings identified in the initial assessment for the original project were observed with the exception of moderate improvement in the compliance enforcement activities of the regulatory body including procurement performance monitoring and capacity building programs. This means that the informed decisions and conclusions in the original project based on the assessment of procurement risks at the Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA) level remain the same for the procurement arrangements under this additional funding and the details of the Procurement Methods and Procedures (PMPs) is indicated in the Appendix VI of the document.

## 5.4. Monitoring

The AEFPP M&E template provided in appendix IV in addition to the MoA M&E system will be used. The RVCP PIU will adapt the established project M&E system that has the ability for on-going agricultural funded Projects in the Ministry with the AEFPP template. The RVCP M&E Officer will track input delivery and monitor yield, production, beneficiaries etc. Gender disaggregated reports will be generated. Besides the filed M&E activities, the Bank will also supervise the implementation of the Project through regular Supervision Missions. RVCP PIU will submit to the Bank progress reports, annual work plans and budgets, and annual procurement plans using Bank's format. The 6-monthly progress report will be submitted to the Bank within two months after the end of the reporting period, whilst the annual progress report will be submitted within three months after the end of reporting period. Appendix 8 shows the project implementation timeframes. The MOA in addition with the MOFEA Aid Coordination Unit will also undertake regular independent monitoring and supervision missions for all projects.

## 5.5 Governance

The RVCP-PIU will, as designated in the Government structure report to the Permanent Secretary in the Ministry of Agriculture through the CPCU. The same reporting arrangement will stay, and the Permanent Secretary will be responsible and accountable for the overall project implementation. This arrangement is drawn from all the Bank funded Projects implemented in the Ministry of Agriculture. The current arrangements for policy oversight, i.e., Project Steering Committee will also remain the same in the MoA Project Implementation Unit – the Unit that oversees all the Bank funded Projects in the MoA.

## 5.6 Sustainability

Component 2 and the policy-based studies in Component 3 try to ensure sustainability. In Component 2, there will be three (3) Key activities to ensure sustainability; namely, registration of farmers on the database to ensure effective use of inputs and group accountability and peer enforcement. The second and third activity is based on extension TAAT, and training related to use and application of alternative organic fertilizer and manure. This is to avoid over dependence on chemical fertilizer. Under Component 3, there is a medium and long policy-based study and implementation road map to garner policy ways of making input subsidy program in Gambia, sustainable and affordable. Fertilizer Policy and strategy document will be produced that will lead to a cabinet memo for political concurrence.

## 5.7 Risk management

No	Potential Risks	Rating (High, Medium or Low)	Mitigation Measures
1	Continued rising of fertilizer prices	High	The use of smart subsidies to ensure affordable fertilizers are available in the country for small holder farmers and safeguard against price increases.
2	Incidence of drought	Medium	capacity building for the adoption of soil conservation practices
3	Excess workload for the PIU	Low	PIU will be incentivised for the working hours to implement this project.
4	Increased workloads for women	low	Awareness activities on the importance of shared roles and responsibilities in households
5	Procurement risks	High	The Bank's Procurement methods and procedures will be applied.
6	Overall FM risk assessed	Substantial	Use of CPCU RVCTP PIU with full complement of staffing and existing FM system to execute the fiduciary arrangements of the additional financing. (Detailed risks analyses and mitigating measures are included in the FM capacity assessment in appendix VII.

## 5.8. Knowledge building

The knowledge gained, and lessons learnt through the implementation of various agricultural projects in the Gambia especially the on-going RVCP, government strategies have been duly applied in designing



this project. Similarly, the knowledge that will be generated through implementation of this Project will be synergized with other projects on ground to achieve maximum result. The results from the fertilizer policy and strategy document including the smart subsidy scheme will inform the stakeholders on how to put the acquired knowledge into practical use for better results-oriented achievements and sustained benefit flows. At the project level, the project implementation review, quarterly progress reports, audit, sector M&E and completion reports will also provide information on various aspects of the project for further diagnosis. The knowledge obtained will be shared within the Bank and with other development partners as well as with RMCs.

## **5.9 Cross cutting issues**

The detailed cross cutting issues, project description of the Gambia AEFPPF and RVCP are presented in Annex A and subsequent appendix 1-8.

## **VI. LEGAL INSTRUMENTS AND AUTHORITY**

### **6.1. Legal instrument**

The legal instrument to finance the additional financing is a TSF Pillar I Protocol of Agreement between the Republic of The Gambia (the “Recipient”) and the African Development Bank (the “Bank”) and African Development Fund (the “Fund”) (the Bank and the Fund together the “Fund”) as Administrators of the Transition Support Facility (the “TSF”) for an amount of UA 2.5 million (the “Grant Agreement”).

#### **6.1.1 Conditions Precedent to Entry into Force of the Grant Agreement:**

The Grant Agreement shall enter into force on the date of signature by the Recipient and the Fund.

#### **6.1.2 Conditions Precedent to First Disbursement of the Grant:**

The obligation of the Fund to make the first disbursement of the Grant shall be conditional upon the entry into force of the Grant Agreement.

#### **6.1.3 Undertakings:**

The Recipient shall cause the Executing Agency and its Contractors and Subcontractors including suppliers and service providers to:

- (i) comply with applicable national environmental regulations, labour and employment laws, occupational Health and Safety (OHS) laws and obtain the necessary permits, licenses and certificates required for their operations and activities and puts in place risk prevention, mitigation and response measures for Gender Based Violence (GBV), and Sexual Exploitation Abuse and Harassment (SEAH);
- (ii) Ensure that the fertilizer handling in storage and use by farmers follows appropriate guidelines and procedures as required by national laws and regulations including good agricultural practices.
- (iii) Submit Reports as part of Project 6-monthly Report on the monitoring of the environmental and social risks and mitigation in place to prevent and mitigate such risks.

**6.1.4 Compliance with Bank Group Policies:** The Project complies with all applicable Bank Group policies and guidelines including the Proposal for the Establishment of the African Food Production Facility (AEFPPF) and the Revised Bank Group Policy on Additional Financing taking into consideration the justification set out in this proposal.

## **VII. Recommendations**

Management recommends that the Boards of Directors approve a TSF Pillar I grant of an amount not exceeding UA 2.5 million to the Republic of The Gambia as additional financing for the Rice Value Chain Transformation Programme (RVCP) for the purposes, and subject to the terms and conditions, stipulated in this report.

## **ANNEX**

### **THE ADDITIONAL FINANCING**

#### **THE GAMBIA -AFRICAN EMERGENCY FOOD PRODUCTION FACILITY**

## A. RESULT FRAMEWORK OF THE GAMBIA-EMERGENCY FOOD PRODUCTION FACILITY (AEFPF)

### RESULTS FRAMEWORK FOR FOOD CRISIS RESPONSE AND EMERGENCY SUPPORT OPERATION

A		PROJECT INFORMATION				
I PROJECT NAME AND SAP CODE: THE GAMBIA EMERGENCY FOOD PRODUCTION PROJECT [P-GM-AA0-019]						
I COUNTRY: THE GAMBIA						
I PROJECT GOAL: Increase climate-resilient food production and input supply to avert food crises and build the resilience of value food systems in the short to medium term for future shocks.						
I PROJECT ALIGNMENT WITH COUNTRY AND AFCREF:	a) Country ambition: Government of The Gambia (GoTG)’s development agenda as articulated in the long-term development blueprint Vision 2020 (developed in 1996) now extended to Vision 2030, which aims to transform the economy into a food self –sufficient, middle-income and export-oriented country and Gambia’s Nationally Determined Contribution (NDC) prioritizes Adapting the Agriculture System to Climate Change.					
	b) AFCREF: To boost the local production of cereals and oil grains as the most climate-resilient effective and efficient way to build the resilience of Africa’s food systems to respond to the impact of Ukraine crisis and mitigate risks to supply in the short to medium term.					
	c) Alignment indicators: Cereal yield per/ha, increase in production, number of farmers benefiting from inputs (disaggregated by sex), number of policies harmonized for supply of and accessibility to seeds and fertilizers, number of private sector actors and agro-dealer networks strengthened.					
B		RESULTS MATRIX				
RESULTS CHAIN AND INDICATOR DESCRIPTION		UNIT	BASELINE [2020/2021]	TARGET AT COMPLETION [Q1 2023]	MEANS OF VERIFICATION	FREQUENCY OF REPORTING
I OUTCOME 1: Building a climate resilient food production system to reduce vulnerability.						
OUTCOME INDICATOR 1.1: Increased cereal yield		Ton/ha	i)Maize (2.5 mt/ha) ii)Rice (4.0 mt/ha)	i)Maize (3.0 mt/ha) ii)Rice (6.5 mt/ha)	Project reports	Annual
OUTCOME INDICATOR 1.2: Increase in climate smart production		mt	i) Maize (0 Mt/ha) ii) Rice (9,000 Mt/ha)	i) Maize (8,250 Mt/ha) ii) Rice (65, 000 Mt/ha)	Project reports	Annual
OUTCOME INDICATOR 1.3: People benefiting from improvements in agriculture (including women-headed households).		Number (Farmers Provided with Seed and Fertilizer type, with whom 40% female)	7,100	20,000	Project reports	Annual
OUTCOME INDICATOR 1.4: reduced cost of inputs		percentage	0	50%	Project reports	Annual
I OUTPUT 1: Scale up Climate-resilient Production and Productivity						
1.1.1 Quantity of climate-resilient breeder seeds procured (groundnut)		kg	0	350	Project reports	6-monthly
1.1.2 Quantity of climate-resilient foundation seeds procured (groundnut)		mt	0	2	Project reports	6-monthly

1.1.3 Quantity of certified climate-resilient seeds produced	mt	0	28.57		Annual
<b>OUTPUT INDICATOR 1.2</b> Increased access to affordable fertilizer					
1.2.1 Quantity of subsidized fertilizer distributed to farmers	mt	0	3,000	Project reports	6-monthly
1.2.2 Number of farmers benefitting from subsidized fertilizers	Number (disaggregated by gender)	0	20,000	Project reports	6-monthly
1.2.3. farmers trained in climate smart approaches to promote use of organic fertilizer and other technologies that enhance the uptake of soil nutrients	Number disaggregated by gender)	0	1,000	Project reports	6-monthly
<b>OUTPUT 2: Enhancing the existing farmer registration database for Smart Input Subsidies</b>					
<b>OUTPUT INDICATOR 2.1:</b> Registration of farmers on the database	Number disaggregated by gender)	7,100	30,000	Project reports	6-monthly
<b>OUTPUT INDICATOR 2.2:</b> Registration of last mile agro-dealers on the database	Number disaggregated by gender)	0	100	Project reports	6-monthly
<b>OUTPUT INDICATOR 2.3:</b> registered Farmers accessing subsidized inputs	Number disaggregated by gender)	3,650	20,000	Project reports	6-monthly
<b>OUTPUT 3: Strengthen Agriculture Policy and Project Management</b>					
<b>OUTPUT INDICATOR 3.1:</b> Study to support the development and implementation of the Fertilizer policy/strategy that is gender responsive and the fertilizer smart subsidy scheme	consultant	0	1	Smart Subsidy Report	Annual
<b>OUTPUT INDICATOR 3.2: M&amp;E and Implementation reports</b>	reports	0	4	Project reports	6-monthly
<b>OUTPUT INDICATOR 3.3: Audits</b>	Report	0	2	Project reports	

## **B STRATEGIC THRUST & RATIONALE**

### **2.0 Main Development Constraints**

#### **2.1 The economic impact of the Russia-Ukraine Conflict**

The Gambia made important progress to weather deep-rooted macroeconomic and governance vulnerabilities exacerbated by the political transition. In the short term, the complex and risky transition led to drop-in tourism (which accounts for about 20% of GDP), worsening a macroeconomic situation already hit by policy inconsistencies and unfavorable weather conditions in recent years. Despite this, the macroeconomic situation somehow stabilized with growth standing at 5.4% in 2019, a relative reduction in the budget deficit, and the set-up of a framework for The Gambia to exit from external debt distress as noted in the March 2020 IMF assessment. Key growth drivers were reliable power supply, increased activity in tourism and agriculture. Growth was supported by a robust public investment program and macro-economic reforms that consolidated the balance of payments and fiscal deficit positions.

Pre-crisis growth performance was constrained in 2020 due to the impact of the COVID-19 pandemic on the economy. The GDP growth is projected to decline to 1.9%<sup>1</sup> from the initial estimate of 5.2%. The estimated 3.3% decline in growth is as a result of disruptions to trade, investment, remittances, construction, agriculture, tourism and entertainment industries. In addition, mild effects are anticipated in the manufacturing sector. The inflationary pressures due to disruptions in global and regional food supply chains as well as food imports created shortages of key food items and increased food prices. With the effects of COVID-19 still lingering, the outbreak of war between Russia and Ukraine has presented fresh difficulties to the Gambia.

#### **2.2 Macroeconomic and fiscal impact analysis**

The consequences of the Ukraine-Russia conflict in the Gambia can be seen through a number of channels. The war has triggered supply constraints for key agricultural inputs and food, in the wake of increased global demand, thereby setting in motion a round of price increases for these key commodities, transportation and insurance costs. The two warring countries are major suppliers of energy, agricultural inputs, and food.

The economic outlook remains challenging and dependent on global economic recovery through tourism and trade. However, the African economic outlook is projected at 4.8% in 2022 and 5.8% in 2023, on the back of agriculture, transport, energy, tourism, finance, and the digital economy. Inflation is projected at 8.0% in 2022, driven by higher energy and food prices due to the Russia–Ukraine conflict, but it could fall to 7.5% in 2023 as global supply chains normalize. In the medium term, the Dalasi is projected to remain stable supported by increased remittances inflows and export trade. The fiscal deficit is projected to increase to 4.8% of GDP in 2022, due to higher subsidies and debt service, and then narrow to 3.1% in 2023, owing to improved tax administration and rationalized spending. The current account deficit is forecast to widen to 14.7% of GDP in 2022, driven by infrastructure-related imports and a rising oil and food import bill due to the Russia–Ukraine conflict, then moderate to 11.8% in 2023 as reexports and remittances pick up. Downside risks could stem from new COVID-19 variants, low vaccine rollout, climate disasters, and debt vulnerabilities. Furthermore, the Russia-Ukraine crisis could increase in fuel and food prices which constitute about 34% of the total import bill. Rationalizing subsidies on state-owned enterprises, strengthening the health sector, and frontloading growth-friendly structural reforms could mitigate growth risks.

**Table 1 - Macroeconomic Indicators**

	2019	2020	2021	2022(p)	2023(p)
Real GDP Growth	6.2	-0.2	5.5	4.8	5.8

<sup>1</sup> The Gambian authorities project that GDP growth will be shaved off by 3 percentage points to 3.2% from an initial 6.3% projection.

Inflation (%)	7.1	5.9	7.5	8.0	7.5
Overall Fiscal Balance (% GDP)	-2.5	-2.2	-4.0	-4.6	-3.1
Current Account (% GDP)	-6.1	-3.3	-9.3	-14.7	-11.8

**Source:** African Economic Outlook 2022

### **2.3 Agricultural, food and nutrition security impact analysis**

The Gambia is primarily an agricultural country with 80% of the population of just over 2 million depending on agriculture for its food and cash income. Agriculture plays a significant role in the Gambian economy, contributing 30% of the GDP, and accounting for 70% of the country's foreign exchange earnings. The farming economy is the only means of income creation for the majority of rural families most of who live below the poverty line. The sector remains the prime sector to improve food security, reduce levels of poverty and raise income levels as it provides employment and income for 80% of the population. Crop production is quite diversified. Cash crops such as cotton and groundnuts are grown in the up-land areas and rice in lowland, and riverine areas (rain-fed swamps or under irrigation) for both subsistence and cash. Other principal subsistence cereal crops grown are maize, sorghum and millet. As agricultural production is largely rain-fed, it is highly vulnerable to climate impacts.

Any volatility in the agriculture sector impacts growth and worsens the levels above the current 50.7%. Given that 90% of crops cultivated by smallholder farmers rely on fertilizer, a shortage of fertilizer in the next planting season due in November 2022, combined with fuel shortage driven by the Russia-Ukraine conflict and adverse climatic impacts, will threaten food and nutrition security. Moreover, the sanctions against Russia pose a significant impact on the availability of intermediate goods for the manufacturing sub-sector especially for cooking oil, sugar, wheat, and others whose scarcity has triggered commodity rationing in the Gambia since April 2022. Reduced fertilizer supplies and price hikes in fuel will push the cost of livelihood. Fertilizers provide a lifeline to the population in terms of food production, agricultural employment, and economic security. While an increase in fertilizer prices puts direct pressure on the country's import bills, costs of growing and processing food are pushed up putting extra pressure on households' income and limiting financial access to food thus worsening the quality and quantity of diets which affects nutrition. Infant nutrition (cereals) will be highly impacted by the need to quickly switch to affordable and equally nutritious alternatives.

With the Russia-Ukraine war ongoing, it will be necessary to source new markets, and the uncertainty in reaching the market and the subsequent contraction in foreign exchange revenue is already having a negative impact on the domestic economy with the agricultural farmers hit hard. Food price and fertilizer-induced inflation coupled with ongoing and upcoming volatilities in the agriculture and energy sectors are likely to worsen the food and humanitarian crisis in the country.

### **2.4 Social impact analysis**

Accelerated economic growth during 2017 to 2019 contributed to reduce income inequality, poverty, and unemployment. However, COVID-19 pandemic halted this progress, as poverty rate measured by the World Bank's USD3.2 in 2011 Purchasing Power Parity (PPP) increased from 33.3% in 2019 to 35.1% in 2021. An estimated 20,000 jobs were lost due to the pandemic and unemployment is estimated to have increased from 29.4% in 2020 to 40.0% in 2021 and is predominant among the youth (41.5%) and women (57.1%). Weak structural change, dependence on low productivity agriculture, and rapid population growth contribute to non-inclusive growth. Reforms aimed at improving the business environment and expand social safety programs are critical to create jobs, address poverty and inequality.

The Gambia has a history of subsistence farming and high dependence of importation even for staple crops such as rice, this increases the vulnerability of farmers and force many households into poverty either permanently or temporarily. External shocks and disruptions within the global value chains such

as the Covid-19 pandemic and the effect of the Russia-Ukraine crisis coupled with severe weather conditions due to over-reliance on rain-fed agriculture, have exposed such vulnerabilities and further affect food prices and agricultural outputs, with significant impacts on poverty.

## **2.5. Project linkages with country strategies and objectives**

The government of The Gambia (GoTG)'s development agenda in the long-term development blueprint Vision 2030, articulate the goal to transform the economy into a food self –sufficient, middle-income, and export-oriented country. This is being operationalized through the National Development Plans (NDP 2018-2022) and the objectives of the Gambia AEFPPF are well in line with National Development Plan (NDP 2018-2022), specifically the third strategic priority of the NDP is geared towards “modernizing agriculture and fisheries for sustained economic growth, food and nutrition security and poverty reduction”. Furthermore, the AEFPPF support the prioritized value chain for transformation and self-sufficiency under the NDP including Rice and groundnut. The AEFPPF is aligned with the investment framework Gambia National Agriculture Investment Plan -Food and Nutrition Security (GNAIP II,2019-2026) which aim to contribute to food and nutrition security for the vulnerable population, especially school-aged children and smallholder farmers. The AEFPPF addresses 3 out its 9 Priority Areas (PAs) of the Gambia's Agricultural Transformation Strategy (ATS), namely (i) Increase agricultural production, and convergence towards food self-sufficiency; (ii) Streamline input distribution systems for high-quality seeds, fertilizers and pesticides; (iii) Upscale use of fit-for-purpose agricultural technology. The Project will address key issues in the following critical areas: enhancing access to inputs and services, production support and intensification and financing. The project is also aligned to Gambia's Nationally Determined Contribution (NDC), which prioritizes Adapting the Agriculture System to Climate Change.

The Bank has acquired much experience in emergency response in agricultural and livelihood interventions including the recent Feed Africa Response to COVID-19 program (FAREC) to address the specific issues faced by the agriculture sector. The Gambia AEFPPF builds on these lessons learnt from previous Bank's development and emergency interventions to roll out mitigation measures to reduce the vulnerability of livelihoods against the negative impacts of the war in Russia and Ukraine.

## **2.6 Rationale for Bank Intervention**

The Government of The Gambia has undertaken major strides in meeting food and nutritional security over the past few years especially the production of grains and support to agro-commodity value chains. However, despite these efforts, the country is still dependent on imports for the supply of certain key food products and staples. This dependence, particularly on basic inputs and services such as fertilizers, and other foodstuffs, has deepened the country's vulnerability to external shocks and justifies the state's strategy aimed at food sovereignty. This is compounded by climate change impacts on food production and accessibility. The impact of COVID 19 on cereal production and supply chains, exacerbated by the consequences of the war in Ukraine, constitutes an additional threat to the country's food security and recalls the urgency of accelerating this food security objective.

It is in this context, the Bank as part of its support to RMCs in coping with the crisis and mitigating the risks to the food systems in the short to medium term, has approved the Africa Emergency Food Production Facility (AEFPPF). The AEFPPF is the Bank's rapid response framework to address the food crisis and disruption of the supply of critical inputs for food production arising from the war in Ukraine, climate change, conflicts, and pests and diseases. The Gambia Food Emergency Production Facility intervention is aligned to the Bank Feed Africa Strategy, the Climate Change and Green Growth Policy and Strategy (2021-2030) and Action Plan (2016-2021) and the Country's Strategy Paper (CSP) (2018-2024) which proposes (i) Improved economic and financial governance for effective delivery of basic social services; (ii) Infrastructure investments supporting agriculture value chains and trade for inclusive growth as priority areas. This intervention is aligned with the Bank's Gender Strategy (2021-2025) as it adopts a gender-responsive approach to increasing women's access to agricultural inputs, specifically seeds, fertilizers and extension information. This intervention is also aligned with the

Bank's new strategy for addressing fragility and building resilience (2022-2026), because of the value of interventions in the agriculture sector for building long term resilience.

## 2.7 Meeting the Eligibility Criteria

The Gambia AEFPPF is designed as additional financing to the on-going Bank financed Rice Value chain transformation Project which was approved in December 2018 for a period of 5 years. The project follows the emergency relief assistance eligibility criteria in the 2021 revised policy on Additional financing, taking advantage of existing implementation arrangements and assessments undertaken for the RVCP. In addition, while the Gambia AEFPPF is providing the emergency relief assistance to ensure the provision of input to meet the 2022 planting needs, the assessment on the approved AEFPPF demonstrate that using the ongoing RVCP project as an anchor to deliver the emergency relief assistance is a better option than designing the project as a stand-alone operation. The Gambia AEFPPF project has considered the principles and good practices of the existing seed and fertilizer distribution systems under the on-going Bank-financed Rice Value Chain Transformation Project. The AEFPPF is designed to hone the success and impact of the RVCP by utilizing the implementation structure and farmer database and platform to promote the accessibility of subsidies for smallholder farmers.

## 2.8. Coordination of Cooperation with Technical and Financial Partners

The Government has set up a Central Project Coordinating Unit within the Ministry of Agriculture as a supervisory role in coordinating all development projects within the sector. The Bank continues to play a prominent role in donor coordination in the country, having emerged as a trusted and preferred partner by the GoTG. Regarding the Russia-Ukraine crisis, the World Bank is leading the donor coordination dialogue through the ministry of Agriculture to enhanced collaboration and coordination of operations. The Bank's engagement in the Gambia through the African Emergency Food Productivity Facility (AEFPF) is a contribution to a concerted effort from the development partners to provide an emergency response in support of the country's efforts to cope with the impending food crisis as a result of the Russia-Ukraine war and rising climatic impacts on agriculture. The GOTG on the 6<sup>th</sup> of June 2022, following a donor coordination meeting with active donor partners in the Gambia shared an urgent request to the World Bank, IFAD and AFD, AfDB, IsDB and BADEA to support the fertilizer subsidy and the procurement for additional fertilizer support urgently needed to address the unmet fertilizer needs for the 2022 cropping season. Against this background, the Bank will focus on three key intervention areas: (i) Scale up food production which is providing 3,000mt of fertilizer to meet the 2022/2023 fertilizer needs, (ii) Enhanced farmer registration for delivery of smart subsidy, and (iii) Strengthening Agriculture policy reforms.

Following the appraisal mission of the Bank and stakeholder dialogue, the fertilizer provision under the Gambia AEFPPF will complement the World Bank -GIRAV project which is supporting the Government of the Gambia mitigate the impact of the conflict with 200mt of certified seeds for rice and 50MT for maize for 3-year period starting from 2022. The Policy component under the AEFPPF will also complement the US \$20 million PBO support by the World Bank to the Government of the Gambia which will also support Agriculture policy reforms. Dialogue is still on-going with IFAD and IsDB with the Government of the Gambia to reallocate funds from on-going project to support the Government's emergency request.

### *Summary of donor financing in the agricultural sector*

	Sector	Size		
		GDP	Export	Labor
	Agriculture	25%	40%	70%
Players - Public Annual Expenditure (average)**				
Organization				% contribution out of a total of 113.93 million USD for 2012
AfDB/GAFSP	Food & Agriculture Sector Development Project (FASDEP II)			19%



IsDB	Reginal Rice Value Chain Development Project	15%
World Bank	West Africa Agricultural Productivity Program (WAAPP)	14.28%
IFAD	National Land and Watershed Management and Development Project (NEMA)	26.91%
World Bank	Gambia Agricultural Commercialization and Value Chain Management Project (GCAV)	13.45%
	Existence of Thematic Working Groups	[N]
	Existence of SWAPs or Integrated Sector Approaches	[N]
	ADB's Involvement in donors' coordination***	[M]
	* as most appropriate ** Years [yy1 to yy2] *** for this sector or sub-sector	

## C PROJECT DESCRIPTION

### 3.1. Project objectives and components

The main goal of the Gambia AEPFP is to support the government to raise food production of farmers to mitigate the impact of the Russia-Ukraine war on food crisis in the short-term period. It will be achieved through the provision of fertilizer and certified climate smart seeds of groundnuts, to registered smallholder farmers, with an average production of 0.5ha. The Ministry of Agriculture will also be supported to enhance the capacity of RVCP database of registered input beneficiary farmers, agro-dealers along with limited support for targeted extension services and a carefully identified policy-based studies that will guide to shape the fertilizer policy and legal environment for the future of subsidy provision in the country.

3.1.1 The Project has three components, namely:

**Component 1 - Scale up Climate- Resilient Production and Productivity** – The main goal of the Gambia AEPFP is to support farmers and the government to raise food production to mitigate the impact of the Russia-Ukraine food crisis in the short-term period. It will be achieved through the provision of fertilizer and certified climate smart seeds as maize, rice and groundnuts, to smallholder farmers registered in RVCP database, cultivating on an average of 0.5ha plots of land. The AEPFP will provide 3000mt of fertilizer which will sold at a subsidized rate of 50% below the market price to smallholder farmers registered on the RVCP farmer database including farmers (to be registered) that would be supported by the 750mt of certified seeds from the World bank GIRAV project towards mitigating the impact of the food crisis. The subsidized AEPFP inputs will be made available to smallholder farmers using the existing RVCP farmer database and the Agribusiness Unit of the MOA subsidy delivery channels. The private sector is also in charge of the distributing inputs and fertilizer to the registered farmers households using a redeemable coupon that is linked to the RVCP platform. This will be pilot phase for the Ministry to explore smart subsidy distribution thus combining the Agribusiness Unit subsidy distribution channels with the RVCP smart input deliveries to project beneficiaries. The project will build on existing subsidized delivery structure and process that the ministry of agriculture has been using. To avoid fraudulent activities while ensuring checks and controls, the implementation unit will develop a sustainable delivery criteria and revolving account using the RVCP farmer registration platform that will be approved by the Bank's team prior to implementation.

The Government through the Agribusiness Unit have not engaged in smart subsidy scheme. Hence the request to distribute the 30000mt of fertilizer using the smart subsidy has been the government's target to ensure transparency and accountability. The farmers will have a choice of which climate resilient certified seeds to purchase based on farm and soil ecology. Each registered farming household within the farmer group will be able to procure a minimum of 10 bags of fertilizer for 2-3hectares. The farmer groups will be responsible for reporting on the agricultural inputs received, providing peer reporting and accountability on the use of the inputs, seek extension and market information services, enhance

output price negotiation and bargaining. Farmer groups will also be able to help their respective members who might not be able to raise the required contribution to purchase the inputs.

The Technologies for Africa Agricultural Transformation (TAAT) will be rolled out in collaboration with FAO to provide advice with respect to improving extension to deploy proven production, use of organic fertilizer and post-harvest management technologies. TAAT technical assistance will include supporting Government and implementing partners to roll out the smart subsidy model, instrumental in the delivery of inputs and extension services to farmers. TAAT will provide technical assistance to NSS, DOA, NARI and Private seed growers to produce certified climate smart varieties as well as disseminate complimentary high-performing technologies under the AEFPP operation.

**Component 2 – Enhance farmer registration database for Smart Input Subsidies** - This component is aimed at ensuring efficiency and transparency in smart input subsidy distribution. It entails: (i) procuring 60 tablets for data collection ii) updating the RVCP database to register 20,000 more women and men farmers and iii) supporting gender responsive extension services in training 1,000 (30% women) farmers in climate smart agricultural practices to promote the use of organic fertilizer and other technologies that enhance the uptake of soil nutrients in partnership with FAO. The Project will be implemented across the country, directly targeting over twenty thousand (20,000) farmers. Currently, the RVCP has seven thousand, one hundred and sixty rice farmer households registered from the three project regions in their database. Additional twenty thousand farmer households across various commodities will be registered to the database before the coming 2022 input distribution under this project.

The Component will also help the RVCP organize farmers into farmer group/cooperatives that are inclusive (women and youth) to enhance transparency and accountability of inputs and to avoid other scrupulous farmers selling back the subsidy inputs in the local market at a market price. (ii) the farmer groups will ensure inclusiveness (women and youth) and to take advantage of economies of scale in both the input and output markets and value chains, (iii) support extension services at the field and data collection e-tablets and meeting the farmer needs in partnership with Technologies for African Agricultural Transformation (TAAT).

The project will work closely with the District Agricultural Office to deliver digital extension services to the farmer groups, including the provision of agricultural market information.

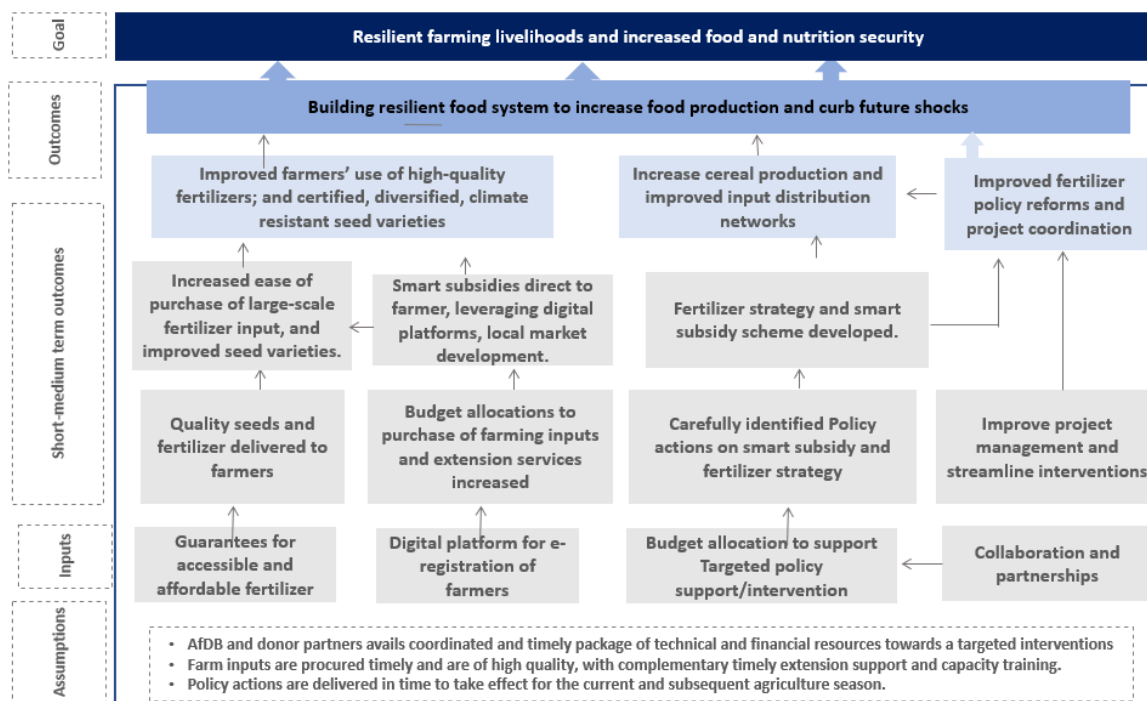
**Component 3 - Strengthen Agriculture Policy and Project Management** - This component is aimed at project management and supporting the ministry of Agriculture in policy reform. The government will develop a fertilizer policy, through which a fertilizer strategy and implementation roadmap will be developed. As part of the strategy will be the development of the fertilizer smart subsidy scheme which will build on the experience and lessons from the smart subsidy distribution as part of the intervention of component 1. Project management will involve monitoring and evaluation, submission of a bi-annual progress report to the bank and a project completion report within 6 months of completion, financial and E&S audits, communication and publicity.

### 3.2 Detailed Project activities and Cost

Components	Total cost (USD)	Sub-component	Description
<b>1. Scale up climate-Resilient Production and Productivity.</b>	42,400	1.1 Provision of improved climate-resilient seeds to farmers	1.1.1 Procurement of 350 kg of improved climate-resilient breeder seeds (Groundnut) 1.1.2 Procurement of 2 Mt of improved climate-resilient foundation seeds (Groundnut) 1.1.3 Support to NSS for climate-resilient seed multiplication

	3,150,900	1.2 Provision of affordable fertilizer to farmers	1.2.1 Procure 3,000mt of fertilizer for an acreage of 10,000 Ha of production area 1.2.1 Supply/Transportation of 60,000 Bags of subsidized input for registered beneficiaries 1.2.2 Support to last mile agro-dealers on the delivery of fertilizer (this includes the CPMS & transport)
Total cost component 1: 3,193,300			
<b>2. Enhance farmer registration database for Smart Input Subsidies</b>	35,000	2.1. Expansion of Farmer Registration Database collection and management	2.1.1: Procure 60 e-tablets for data collection and other extension services 2.1.2: Upgrade the Database for Beneficiaries Input Distribution System 2.1.3: Capture and entry of 20,000 new beneficiaries onto RVCP database (at least 30% of which are women)
	35,300	2.2 Farmer training in collaboration with FAO	2.2. 1000 farmers (women and men) trained in climate-smart approaches to promote the use of organic fertilizer and other technologies that enhance the uptake of soil nutrients from granular fertilizers in partnership with TAAT 2.3. Enhance the capacity of extension workers for extension service support
Total cost component 2: 70,300			
<b>3. Strengthen Agriculture Policy</b>	130,000	3.1 Agriculture Fertilizer policy development	3.1.1 Study to support the development and implementation of the Fertilizer strategy that is gender responsive and the fertilizer smart subsidy scheme.
<b>Project Management</b>	106,4000	3.3 Monitoring & Evaluation Supervision	Monitoring and evaluation Project Completion report Bank supervision missions & 6-monthly progress reports Development of Financial Data Base Financial and E&S Audits Publicity and communication Allowances
Total cost component 3: 236,400			
Total project	3,500,000		

### 3.3 Change Theory



The activities proposed above will improve food security, and self-sufficiency, lower food imports and improve revenues in rural areas, leading to increased resilience. The three main drivers to change are the seeds supply, fertilizer supply and the extension services support, all targeting at the smallholder farmer. This combination of these instruments will support increased food production in the Gambia. Farmer labour productivity and fertilizer consumption will also be enhanced through training while addressing gender barriers. The outcome of increased food production, along with enhanced farmer registration towards smart subsidies along with improved distribution will contribute to the main project outcomes of reducing food shortage and building resilience in the national food systems. Policy-based studies are planned long-term interventions to ensure the sustainability of the input subsidy program.

### 3.4 Technical solution retained, and other alternatives explored

To support the smallholders most effectively, direct investment in seeds and fertilizers becomes the optimal solution considering its medium and long-term benefits. The existing Rice Value Chain input distribution system also lays a good foundation for the extension of agriculture inputs services as opposed to creating a new PIU. Other alternatives such as cash-based transfers will not allow a sustainable operation or meet the long-term goal to foster the national capacity to cope with the future shocks and conduct necessary policy reforms.

### 3.5. Project type

3.5.1 This project is designed as an additional financing emergency support to the on-going Bank-financed project Rice value Chain Transformation Project with the main aim of scaling up the RVCTP Component 1- Production and Productivity enhancement, in addition to complementary reforms components to avert the looming food crisis as a result of the conflict and build the resilience within the national food system to reduce its reliance of imports.

### 3.6. Project cost

The project cost is UA 2.5 (US\$ 3.5) million, including physical and price contingencies, which will be financed 100% from TSF unallocated resources reserves, with no counterpart funding. The government contribution is accounted for by the usage of the project implementing unit of the RVCTP, extension workers, systems, and office space. The Project is alternative funding to help meet the Government's target of providing fertilizer and seed to its targeted 20, 000 beneficiaries to meet their critical 2022/2023 planting season. Summary of Project costs by components and sources of financing are presented in Tables below, with detailed cost tables are in the **Appendix III**.

### **3.7 Project's target area and population**

3.7.1 The target population is 20,000 smallholder farmers (of which 40% are women and 20% are youth) across the entire country. This is the expansion of the RVCP database targeting smallholder farmers that will access the subsidized inputs through the database. The targeted beneficiaries are not limited to rice farmers, they will include maize, legumes (groundnut), millet and sorghum. Thus, the AEFPPF project is targeting men and women farmers across the country that can access the subsidized inputs and farmers that have been supported by the WB-GIRAV project of 750Mt of certified seeds.

### **3.8 Participatory Approach for Project Identification, Design, and Implementation**

3.7.1 The Project was discussed with the following Government Ministries: Finance; Agriculture; Planning, Youth and Education; Gender and active donor partners including the IsDB, World Bank, FAO and WFP, private sectors agro-dealers. The following institutions were also consulted: Gambia Groundnut Cooperation (GGC), The Office of the Chief Account and The Public Procurement Agency. Detailed discussions were held with the Implementing Unit of the Rice Value Chain Transformation Project to assess the capacity, nature and scope of the database, and past input delivery programs to implement the Gambia AEFPPF project. Discussions were also held with a number of Bank funded Project Implementation Units in the Ministry of Agriculture. Arising thereof, an informed decision was decided to use the PIU-RVCP as an implementation entity and delivery vehicle for this project.

### **3.9 Key performance indicators**

3.10-1 The following are the Project core indicators: (i) Cereal yield (mt/ha), (ii) Increase in climate-resilient production (mt); (iii) Number of people benefitting from improvements in agriculture (of which 40% to be women); (iv) Provision of inputs (seeds and fertilizer) (mt); (v) Number of farmers in receipt of agricultural inputs (of which 40% to be women); (vi) Fertilizer consumption (kg/ha), (vi) Prices of targeted food staple(s) for consumer; (vii) required policy actions for good enabling environment for private sector investment and (viii) change to budget allocations to the national budget line used for purchase of agricultural inputs, extension services and any smart subsidies. Annex 6 shows the monitoring matrix.

## **D. PROJECT FEASIBILITY**

### **4.1. Economic and financial Analysis**

4.1.1 The Project derives its benefits from the increased value addition from farming activities, the availability and affordability of agriculture inputs subsidized to the smallholder farmers in comparison with the high market prices. The economic and financial benefit from the project is on the basis of prices of inputs, producer (farm gate) prices and total cost of project. The intervention is expected to improve fertilizer usage rate in the country and among smallholder farmers to boost yields/production. There will be expected improved farm yields for groundnut from 0.5mt to 1.0mt, from 2mt to 3mt for maize and 4mt to 6.5mt will access to affordable fertilizer. With the provision of 3,000mt of fertilizer in the country, there is an expectation of at least 20% increase in farm production across the estimated 10,000ha of cropland. Additionally, other indirect benefits expected from the intervention includes reliable soil information system for fertilizer blends, efficient input distribution system through the farmer database system and lower cost of transportation of goods and services. Some benefits derived from the projects that cannot be quantified, also includes reduction in poverty malnutrition and food insecurity, value of efficiency of capacity/skill training, etc. However, these additional benefits were difficult to adequately value in monetary terms due to the limited scope of this report.

### **4.2. Environmental and Social impacts**

4.2.1 The project has been classified as Category 2 operation in accordance with the national legislation and the Bank's Integrated Safeguards System on the basis that the program activities are expected to trigger moderate risk environmental and social impacts. However, as per the Bank's

Integrated Safeguards System (ISS) provision for short-term emergency relief operations, AEFPPF-supported operations, the Borrower will be exempt from preparing and disclosing the required environmental and social (E&S) risk management document prior to Board approval.

Agriculture activities of the smallholder farmers may lead to (i) increased use of agrochemicals including pesticides and fertilizers, which may contribute to soil and water (surface and groundwater) contamination, and lead to increase health-risks of people exposed to pesticides, and (ii) and there would be waste and effluents from processing facilities.

In order to manage these environmental and social risks, the Borrower will prepare a Pest Management Plan (PMP), and any other appropriate E&S mitigation measures. The plan will proffer measures to prevent pests and diseases or their damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of certified climate-proofed seeds – which is embedded in this program. It will also proffer measures to manage waste derived from the extensive use of chemicals (pesticides, fertilizers, etc.).

The PMP shall be prepared by the Borrower, cleared by the Bank, approved and publicly disclosed by the Borrower and then by Bank, prior the distribution of the fertilizers and chemicals. The Project implementation entity will include an appropriate E&S expert. Quarterly E&S implementation reports will be shared with the Bank and stakeholders, as well as annual E&S performance audit reports. The ESCON confirms the project's compliance to Bank's environmental and social requirements prior approval, which will be reflected in the financing agreement.

### **4.3 Climate Change and Green Growth**

4.3.1 The proposed intervention despite being emergency support will take the opportunities to enhance the food production system's resilience including enhancing farmers' adaptive capacities through access to climate-smart seed varieties and fertilizer and finance while improving the enabling environment to enhance the sustainability of the program. It is therefore classified as a **category 2** project. On delivery of certified seeds and fertilizers to farmers, the project will enhance institutional capacities in research and development (R&D) to promote the adoption of climate-smart seeds through TAAT to improve farmers' decision-making on soil conservation and post-harvest management. The farmer training will include, among other lessons the use of organic fertilizer, building climate-smart knowledge and technologies i.e. post-harvest technologies. The program by targeting 10,000ha of cropland will avoid deforestation and promote the restoration of grassland into cropland. These interventions are in line with Gambia's priority to adapt the agriculture system to climate change as articulated in its Nationally Determined Contribution (NDC).

### **4.4 Gender**

This project attains a score of GEN II on the Bank's Gender Marker System as it closes gender gaps at the outcome level and is aligned with the Bank's Gender Strategy (2021-2025) specifically on increasing women's access to productive resources such as agricultural inputs, specifically seeds, fertilizer and extension. It is also in line with the National Gender Policy that is currently being reviewed. Lower productivity of women farmers is mainly due to limited control and ownership of productive resources. Women generally operate in smaller farms and have heavier workloads. They also have lower access to productive inputs. The proposed intervention will build on the project's achievements in reaching women farmers and will continue to address gender barriers by increasing women's participation and benefit from agricultural value chains. The project will ensure that women farmers and their agricultural groups have equitable access to certified seeds, subsidized fertilizer and benefit from registration in the farmer database which has capacity to collect sex disaggregated data. The project will ensure that studies and policies on fertilizer are gender responsive and address gender gaps in access to fertilizer resources and information. Mitigation measures against increased workloads of women will be integrated extension services that will raise awareness on the importance of shared



roles and responsibilities in households. The project will integrate results on gender monitoring activities in supervision reports.

## **4.5 Fragility and Resilience Analysis**

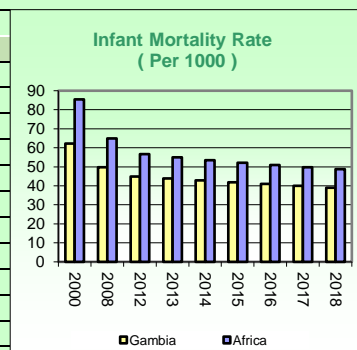
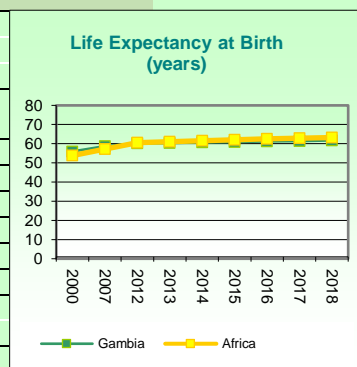
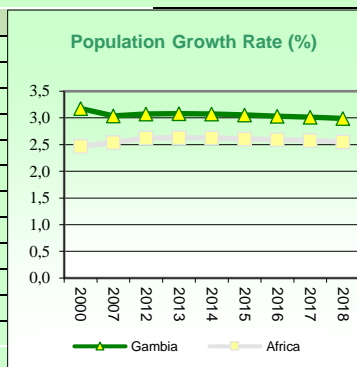
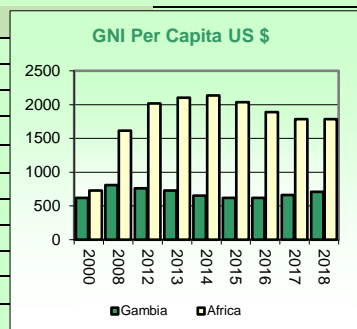
4.5.1 A legacy of authoritarianism, weak public institutions, political instability, and the limited capacity of the public administration are the most salient causes of state fragility in Gambia. Years of authoritarian misrule under the previous regime severely undermined the capacity of the public sector to execute its core functions. More recently, the ongoing efforts to strengthen political and social inclusion, and increased citizen engagement has contributed to overall improvements in the country's social cohesion. The country's capacity of resilience to economic shocks is low due to the lack of modernization of the agriculture sector, the lack of economic diversification, and the low morale of civil servants. Fragility in the Agriculture Sector in the Gambia is categorized by poor infrastructure, soil fertility depletion, declining agriculture commodity prices, soaring prices of production inputs and low private investment. Moreover, it is characterized by little diversification, mainly subsistence rain-fed agriculture with a food self-sufficiency ration of about 50%. The crops sub-sector generates approximately 40% of the foreign exchange earnings and provides about 75% of total household income.

4.5.2. While the country partly relies on agriculture for food production and self-sufficiency, poverty and food insecurity are widespread, and nearly half its estimated 2 million people live in poverty. Forty per cent of inhabitants live in rural areas where 73.9 per cent live below the poverty line. Over 60 per cent of Gambians depend on farming for their livelihood. Farmers and agricultural workers, especially women and young people, form a large part of the poor and extremely poor. Many are illiterate, and lack knowledge, skills, economic opportunities and access to productive resources such as credit, land ownership, and support services. Traditionally, women do not own or control land, yet are more than half of the agricultural labour force. These drivers of fragility can only be addressed through projects and programs like The Gambia Emergency Food Production Project by exploring innovative approaches such as smart delivery of subsidized inputs that are transparent, accountable and easily accessible to women and youth while ensuring that fertilizers are affordable and accessible.

4.5.3 Based on the Bank's new strategy (2022-2026) of addressing fragility and building resilience in Africa, the project leverages three important aspects. First, this project seeks to build institutional capacity by investing by strengthening Gambia agriculture policy and project management systems, which will be crucial for the country's ability to manage shocks. Secondly, the project seeks to engage the private sector even though it is limited in Gambia. This will be an important pathway to strengthening greater resilience, because it will contribute to building the infrastructure for job creation and enhance livelihood opportunities. Overall, this aspect will lead to the promotion of socio-economic inclusion. This project also seeks to address the needs of the most vulnerable members of the population, notably women, youth (especially in rural areas), and those affected by the conflicts at the border between Casamance and Gambia (including those who are forcibly displaced). This operation takes into account the major approaches to address the drivers of fragility and strengthen the levers of resilience in Gambia, meaning to reinforce the institutional capacities and socio-economic structures that will enable Gambia to better manage and recover from shocks and stresses. The Project can achieve this goal by exploring innovative approaches such as smart delivery of subsidized inputs that are transparent, accountable and easily accessible to women and youth while ensuring that fertilizers are affordable and accessible. Increase food production, especially cereal and seed oil nuts production to avert food crisis and build the resilience of value chain actions for future shocks. An effective entry point for the Project to build resilience is to improve the regulatory environment to address weak public agriculture institutions and the limited capacity of the public administration for agriculture development to strengthen Human Capital Development Strategy for sustainable agricultural development. (*See Annex 2 for detailed Fragility and Resilience Analysis*).

## APPENDIX 1: Country's comparative socio-economic indicators

	Year	Gambia	West Africa	Africa	Developing Countries
<b>Basic Indicators</b>					
Area ( '000 Km²)	2019	10	5,115	30,067	94,797
Total Population (millions)	2019	2.3	386.9	1,306.3	6,384.0
Urban Population (% of Total)	2019	58.8	47.0	43.3	50.3
Population Density (per Km²)	2019	232.0	76.9	44.5	69.2
GNI per Capita (US \$)	2018	710	1 551	1 783	4 844
Labor Force Participation *- Total (%)	2019	59.4	58.7	63.2	60.7
Labor Force Participation **- Female (%)	2019	51.2	53.0	54.6	45.8
Sex Ratio (per 100 female)	2019	98.4	101.3	99.8	107.1
Human Develop. Index (Rank among 189 countries)	2018	174	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	10.1	41.2	35.6	11.9
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2019	3.0	2.7	2.7	1.2
Population Growth Rate - Urban (%)	2019	4.1	4.1	3.6	2.3
Population < 15 years (%)	2019	44.1	43.4	40.6	27.6
Population 15-24 years (%)	2019	20.2	19.6	19.3	16.4
Population ≥ 65 years (%)	2019	2.6	2.8	3.5	7.2
Dependency Ratio (%)	2019	87.6	85.8	78.7	54.6
Female Population 15-49 years (% of total population)	2019	24.1	23.3	24.2	25.2
Life Expectancy at Birth - Total (years)	2019	62.1	58.0	63.5	70.8
Life Expectancy at Birth - Female (years)	2019	63.5	59.1	65.3	73.0
Crude Birth Rate (per 1,000)	2019	38.1	36.8	33.0	20.2
Crude Death Rate (per 1,000)	2019	7.7	10.0	8.0	7.3
Infant Mortality Rate (per 1,000)	2018	39.0	64.1	48.7	31.3
Child Mortality Rate (per 1,000)	2018	58.4	99.6	70.2	42.0
Total Fertility Rate (per woman)	2019	5.2	5.1	4.4	2.6
Maternal Mortality Rate (per 100,000)	2017	597.0	704.7	432.3	230.0
Women Using Contraception (%)	2019	13.5	21.9	39.1	61.7
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010-18	10.2	25.1	33.4	121.8
Nurses and midwives (per 100,000 people)	2010-18	154.5	98.7	107.8	240.8
Births attended by Trained Health Personnel (%)	2010-17	57.2	50.5	61.7	78.5
Peop. Using at least basic drinking water services (% of pop)	2017	78.0	69.8	66.3	87.7
Peop. Using at least basic sanitation services (% of pop)	2017	39.2	32.5	40.3	68.5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2018	1.9	1.5	3.4	...
Incidence of Tuberculosis (per 100,000)	2018	174.0	171.5	202.3	154.0
Child Immunization Against Tuberculosis (%)	2018	94.0	70.4	81.4	84.9
Child Immunization Against Measles (%)	2018	91.0	71.0	76.1	85.2
Underweight Children (% of children under 5 years)	2010-17	16.4	19.8	17.5	14.5
Prevalence of stunting	2010-17	25.0	36.3	34.0	23.6
Prevalence of undernourishment (% of pop.)	2017	10.2	13.9	18.5	12.3
Current health expenditure (% of GDP)	2016	4.4	4.1	5.3	5.4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-19	98.0	89.4	100.1	104.1
Primary School - Female	2010-19	102.5	87.1	98.0	104.4
Secondary School - Total	2010-19	50.1	44.9	52.6	71.9
Secondary School - Female	2010-19	49.1	42.1	50.4	71.4
Primary School Female Teaching Staff (% of Total)	2010-18	35.5	40.2	48.6	62.9
Adult literacy Rate - Total (%)	2010-18	50.8	56.0	66.9	84.0
Adult literacy Rate - Male (%)	2010-18	85.9	53.6	70.8	88.2
Adult literacy Rate - Female (%)	2010-18	41.6	46.8	60.0	79.8
Government expenditure on Education (% of GDP)	2010-17	2.1	4.1	4.3	4.1
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2016	43.5	17.0	8.0	11.4
Agricultural Land (as % of land area)	2016	59.8	48.9	38.2	38.3



Source: AfDB Statistics Department Databases; World Bank: World Development Indicators. UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports. Note: n.a.: Not Applicable; ... Data Not Available. \* Data Not Available. \*Labor force participation rate, total (% of total population ages 15+). \*\* Labor force participation rate, female (% of female population ages 15+). Last update: October 2020.





## Appendix II: The Gambia Ongoing portfolio performance as at May 2022

### National Operations

Project	Approval Date	Amount approved (UA millions)	Loan/Grant Disbursements (UA millions)	Disbursement rate (%)	Closing Date
<b>AGRICULTURE &amp; RURAL DEVELOPMENT SECTOR</b>					
1 Rice Value Chain Transformation Programme (RVCP) - ADF Grant - TSF Grant	6-Dec-18	4,23 0,77	3,45 0,52	81.6 67.7	30-June-2024
2 Gambia Agriculture and Food Security Project (GAFSP) - GAFSP Grant	12-Oct.-21	11,86	0	0	30-April-2024
<b>Agriculture Total</b>		<b>16,86</b>	<b>3,97</b>	<b>23.5</b>	
<b>ENERGY SECTOR</b>					
3 Electricity Access Project (GEAP) - ADF Grant - TSF Grant	8-Oct.-19	2,77 9,83	0,06 0,45	2.3 4.6	31-Dec-2023
<b>Energy Total</b>		<b>12,60</b>	<b>0,51</b>	<b>4</b>	
<b>WATER &amp; SANITATION SECTOR</b>					
4 Climate Smart Rural Wash Development Project - ADF Grant - RWSSI Grant - TSF Grant	17-Sept.-18	3,00 1,60 2,50	1,42 0,42 1,21	47.2 26.4 48.3	31-Dec.-2023
<b>Water &amp; Sanitation Total</b>		<b>7,10</b>	<b>3,05</b>	<b>43</b>	
<b>TRANSPORT SECTOR</b>					
5 PPF Advance Banjul Port 4th Expansion Project - ADF Loan	9-Aug.-21	0,37	0	0	29-Dec.-2023
<b>Transport Total</b>		<b>0,37</b>	<b>0</b>	<b>0</b>	
<b>GOVERNANCE SECTOR</b>					
6 Institutional Support for Economic and Financial Governance Phase III (ISEFG III) - ADF Grant	23-Sept.-15	2,00	1,88	94	31-July-2022
7 Inclusive growth promotion institutional support project (IGPISP) - ADF Loan - ADF Grant	30-Mar.-17	1,58 2,09	0,55 1,94	35 93.1	30-June-2023
8 Debt Management and Domestic Revenue Institutional Support Project - TSF Grant	17-Dec.-21	1,00	0	0	31-Dec.-2023
<b>Governance Total</b>		<b>6,67</b>	<b>4,37</b>	<b>65.5</b>	
<b>NATIONAL OPERATIONS TOTAL</b>		<b>43,60</b>	<b>11,90</b>	<b>27.3%</b>	

**Portfolio distribution by sector:** Agriculture and Rural Development (38.7%); Energy (29%); Water Supply and Sanitation (16.2%); Governance (15.3%) and Transport (0.8%)

### Regional Operations

Project	Approved date	Approved amount (UA million)	Disbursed amount (UA million)	Disbursement rate (%)	Closing date
<b>AGRICULTURE &amp; RURAL DEVELOPMENT SECTOR</b>					
1 Programme building resilience against food and nutritional insecurity in the Sahel (P2RS) - ADF Grant	15-Oct-14	11,50	10,75	93.4	30-Sept-2022
2 Africa Disaster Risks Financing (ADRFi) Programme - TSF Grant	27-Feb-19	0,90	0,47	52.7	31-Dec-2023
<b>Agriculture Total</b>		<b>12,40</b>	<b>11,22</b>	<b>90.5</b>	
<b>TRANSPORT SECTOR</b>					
3 Trans-Gambia Corridor Project - ADF Grant	16-Dec.-11	63,55	60,91	95.8	30-June-2022
Trans-Gambia Corridor Project - FIAf Grant	22-Nov.-19	12,44	4,24	34.1	30 June2022
Trans-Gambia Corridor Project (Phase II) - ADF Grant	19-Oct.-14	1,00	0,76	76.4	30-June-2022
<b>Transport Total</b>		<b>76,99</b>	<b>65,91</b>	<b>85.6</b>	
<b>ENERGY SECTOR</b>					
4 OMVG Energy project - ADF Loan - ADF Gant	30-Sept-15	3,00 0,75	0,33 0,48	11.0 64.1	31-Dec.-2023
<b>Energy Total</b>		<b>3,75</b>	<b>0,81</b>	<b>22</b>	
<b>REGIONAL OPERATIONS TOTAL</b>		<b>93,14</b>	<b>77,94</b>	<b>84%</b>	

\* Source: SAP-PS May 2022

**Sectoral distribution of regional operations:** Transport (83%); Agriculture and Rural Development (13%) and Energy (4%)

Appendix III: The Gambia Africa Emergency Food Production Facility: Component and Output Budget									UA	Dalasi	Procurement Category
Component/Subcomponent		Outputs	Unit	QUANTITY		USD			1 UA =1.4USD		
COMPONENT 1 - Scale up Production and Productivity				YEA R 1	YE AR 2	YEAR 1	YEAR 2	TOTAL USD			
Sub-component 1.1	Provision of improved seeds to farmers	1.1.1 Procurement of 350 kg of improved breeder seeds (Groundnut)	kg	350	0	3,300.00	-	3,300.00	2,357.14	176,880.00	Goods
		1.1.2 Procurement of 2 Mt of improved foundation seeds (Groundnut)	mt	2	0	15,100.00	-	15,100.00	10,785.71	809,360.00	Goods
		1.1.3 Support to NSS for seed multiplication				8,000.00	16,000.00	24,000.00	17,142.86	1,286,400.00	Service
		Sub-Total Sub-Component 1.1				26,400.00	16,000.00	42,400.00	30,285.71	2,272,640.00	
Sub-Component 1.2	Provision of affordable fertilizer to farmers	1.2.1 Procure 3,000mt of fertilizer for an acreage of 10,000 Ha of production area	mt	600	2400	530,000.00	2,520,000.00	3,050,000.00	530,000.00	168,840,000.00	Goods
		1.2.1 Supply/Transportation of 60,000 Bags of subsidized input for registered beneficiaries	number	20000	40000	30,200.00	60,355.00	90,555.00	30,200.00	4,853,748.00	Service
		1.2.2 Support to last mile agro-dealers on the delivery of fertilizer (this includes the CPMS & transport)	lumpsum			5,345.00	5,000.00	10,345.00	5,345.00	554,492.00	Service
		Sub-total Sub-Component 1.2				565,545.00	2,585,355.00	3,150,900.00	2,322,071.43	174,248,240.00	
Sub-Total Component 1			591,945.00				2,601,355.00	3,193,300.00	2,601,355.00	3,193,300.00	
COMPONENT 2 - Enhance farmer registration database for Smart Input Subsidies											
Sub-Component 2	2.1. Expansion of Farmer Registration Database collection and management	2.1.1: Procure 60 e-tablets for data collection and other extension services	number	60	0	9,000.00	-	9,000.00	6,428.57	482,400.00	Goods
		2.1.2: Upgrade the Data Base for Beneficiaries Input Distribution System	lumpsum			8,000.00	-	8,000.00	5,714.29	428,800.00	Operating Costs
		2.1.3: Capture and entry of 20,000 new beneficiaries onto RVCP database	lumpsum			10,000.00	8,000.00	18,000.00	12,857.14	964,800.00	Services
		Sub-total Total Subcomponent 2.1				9,000.00	-	35,000.00	25,000.00	1,876,000.00	
	2.2 Farmer training	2.2. 1000 farmers trained in climate smart approaches to promote use of organic fertilizer and other technologies that enhance the uptake of soil nutrients from granular fertilizers in partnership with TAAT	lumpsum			20,700.00	14,600.00	35,300.00	25,214.29	1,892,080.00	Services
		Sub-Total Component 2	20,700.00				14,600.00	35,300.00	25,214.29	1,892,080.00	

Sub-Total Component 2			29,700.00				14,600.00	70,300.00	50,214.29	3,768,080.00	
COMPONENT 3 – Strengthen Agriculture Policy and Project Management											
Sub-Component 3.1	3.1 Agriculture Fertilizer policy development	3.1.1 Study to support the development and implementation of the Fertilizer strategy that is gender responsive and the fertilizer smart subsidy scheme	number			85,000.00	45,000.00	130,000.00	21,428.57	1,608,000.00	Consultancy Services
		Total Subcomponent 3.2				85,000.00	45,000.00	130,000.00	21,428.57	1,608,000.00	Operating Cost
Subcompone nt 3.3	3.3 Monitoring & Evaluation and Supervision	Monitoring and evaluation	number			4,900.00	9,800.00	14,700.00	10,500.00	787,920.00	Operating Cost
		Project Completion report	number			-	8,000.00	8,000.00	5,714.29	428,800.00	Operating Cost
Bank supervision missions & 6-monthly progress reports					-	-	-	-	-	Operating Cost	
Development of Financial Data Base		number			4,000.00	-	4,000.00	2,857.14	214,400.00	Operating Cost	
Financial and E&S Audits		number			-	6,000.00	6,000.00	4,285.71	321,600.00	Operating Cost	
Publicity and communication		number			5,000.00	3,000.00	8,000.00	5,714.29	428,800.00	Operating Cost	
Allowances		number			21,900.00	43,800.00	65,700.00	46,928.57	3,521,520.00	Operating Cost	
			Total Subcomponent 3.3				35,800.00	70,600.00	106,400.00	76,000.00	5,703,040.00
Sub-Component 3			120,800.00				115,600.00	236,400.00	168,857.14	7,311,040.00	
GRAND PROJECT TOTAL			742,445.00				2,731,555.00	3,500,000.00	2,500,000.00	187,600,000.00	100

## Appendix IV: Implementation schedule

No.	Description of Activities	2022				2023			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	<b>Appraisal</b>								
1	<b>Board Approval</b>								
2	<b>Signature</b>								
3	<b>Project Implementation</b>								
	<b>Components 1: Scale up Production and Productivity</b>								
5	1.1: Procurement of 350 kg of improved breeder seeds and 2mt of foundation seeds (Groundnut)								
5.1	1.1.1: Deliver improved climate smart and improved assorted seeds of oil seeds for multiplication								
5.2	1.1.2: Seed multiplication of groundnut								
6	1.2: Procurement of 3000mt of fertilizer								
6.1	1.2.1: Deliver fertilizer to CPMs (last mile agro-dealers) for farmers at subsidized rates								
6.2	1.2.2: Deliver fertilizer for 20,000 beneficiaries registered								
	<b>Component 2 - Enhance farmer registration database for Smart Input Subsidies</b>								
8	2.1: Support to Extension Officers for Farmer data collection and management								
8.1	2.1.1: Expansion of the RVCP Smallholder Farmer Registration systems								
8.2	2.1.2: purchase of e-tablets extension data and other extension services								
8.3	2.1.3: Capture and entry of new beneficiaries onto RVCP data bank								
8.4	2.4.2: Enroll, register, accredit and train last mile agro-dealers on Farmer Registration system by RVCP								
9	2.2: Support to Extension Services								
9.1	2.2.1: Training of Extension staff in Climate Smart Agriculture and farm data collection methodologies using new technology								
10	2.3 Farmers training								
10.1	2.3.1: In partnership with TAATs, identify and disseminate value chain technologies to farmer groups								
10.2	2.3.2: farmers training in climate smart approaches – to use of organic fertilizer and agricultural lime and other technologies								
	<b>Component 3: Strengthen Agriculture Policy and Project Management and Coordination</b>								
12.2	3.1.: Study to support the development and implementation of the Fertilizer strategy that is gender responsive and the fertilizer smart subsidy scheme								
13	<b>3.2: Project management</b>								
13.3	3.2.3: Financial Management Audit								
13.4	3.2.4: Procurement Audit								
13.5	3.2.5: Environment and Social Safeguard Reporting								
13.6	3.3: project monitoring and evaluation								
13.7	3.3.1: Monitoring and evaluation and Project Completion Report								

## Appendix V: the M&E 6-monthly reporting

Alignment Indicators RMF/AEFPF INDICATOR		Definition/description	Methodology for collection	Source/Responsibility for collection	Frequency of reporting
<b>OUTCOME INDICATOR:</b> Increased feed and fodder production	<i>AEFPF</i>	tons/ha	Baseline survey in 2022	Increase at least by 30%	Government Reports, Project Progress Reports: Quarterly, Midterm, Annual
<b>OUTPUT INDICATOR 1.3.1-</b> People benefitting from improvements in agriculture.	<i>RMF</i>	<i>numbers (%W)</i>	<i>0</i>	<i>50,000 (33%)</i>	Project Progress Reports: Quarterly, and M&E Reports
<b>OUTPUT INDICATOR 1.3.2 -</b> Volume of native & improved/ certified fodder seeds procured		<i>tons</i>	<i>0</i>	<i>100</i>	

## Appendix VI : PROCUREMENT ARRANGEMENTS

### Details of Procurement Methods & Procedures (PMPs)<sup>2</sup>

**Borrower Procurement System (BPS):** Due to the weaknesses identified within The Gambia's Procurement System including weak capacity, non-publication of contract awards, outdated bidding documents among others, the risk for its use in Bank-financed project is globally rated *as Substantial*. In order to bring this risk at the low level, the Bank has confirmed the assessment of the BPS during the appraisal of this operation and a decision on the use of the BPS will not be permitted for this additional financing.

**Bank Procurement Policy and Methodology (BPM):** The following contracts will be carried out using the BPM in line with the Bank's procurement policy dated October 2015, utilizing available Bank's Standard Solicitation Documents (SSDs).

#### Goods

- ✓ Contract for the procurement of 3,000mt of Fertilizer inputs valued at UA 2.20 million will be carried out using Open Competitive Bidding-International under the BPM. In addition, procurement of 350 kg of improved groundnut breeder seeds and 2 Mt of improved foundation seeds valued at UA 0.02 million will be procured through shopping under post review.

#### Services

- ✓ Consultancy services contract to Support the development of the Fertilizer Strategy and Implementation including the Smart subsidy Scheme estimated to cost UA0.22 million will be procured through Direct Negotiation with the consultant that developed the Fertilizer Policy Document

### B5.4 Summary of the Procurement Arrangements for the Project

B5.4.1 The procurement arrangements for the various components, elements, and items, under the different expenditure categories to be financed by the Loan/Grant and procured using BPM, are summarized in Table 1 below. Large-value contracts, each group of similar transactions/contracts, the different procurement regimes, estimated costs, oversight requirements, and the timeframe as agreed between the Borrower and the Bank, are documented in the Procurement Plan.

**Table 1 – Summary of Procurement Arrangements (UA '000)**

PROJECT CATEGORIES	UA' Million					
	BPS		PMP			Total
	OCB-N	Other	OCB-I	LCB	Other	
<b>A. GOODS</b>						
3000mt of Fertilizer inputs			(2.20) (2.20)			(2.20) (2.20)
Breeder & Foundation seeds					(0.02) (0.02)	(0.02) (0.02)
<b>C . SERVICES</b>						
Support the development of the Fertilizer Strategy and					(0.022) (0.022)	(0.022) (0.022)

<sup>2</sup> Provide justification

Implementation including the Smart subsidy Scheme						
Annual Financial					(0.02) (0.02)	(0.02) (0.02)
<b>TOTAL</b>	(0.00)	(0.00)	(3.15) (3.15)	(0.00)	(0.06) (0.06)	(3.21) (3.21)

*Note:* Figures in parenthesis are the respective amounts financed by ADF; others include, Shopping, Individual consultancy & Single Sourcing

## B5.5 Advertising

B5.5.1 The text of a General Procurement Notice (GPN) has been agreed with Ministry of Agriculture and it will be issued for publication in UNDB online and in the Bank's Internet Website, upon approval by the Board of Directors of the Financing Proposal.

## B5.6 Bank's Oversight of Borrower's Procurement

B5.6.1 The framework for the review of Borrowers' procurement actions, documents, bid evaluation and contract award recommendations, will depend on the use of BPS and the BPM under the project. It will comprise prior and post reviews as well as IPRs for BPM.

B5.6.2 **Oversight under BPM:** Procurement undertaken through Bank shall be subject to prior or post review, as well as IPRs. Large-value, complex, innovative and/or high-risk transactions would normally be prior-reviewed. In addition to the prior review of certain transactions by the Bank the capacity assessment of the EA has recommended two procurement supervision missions annually, to undertake post review of the Borrower's procurement actions.

## B5.7 Any Other Special Arrangements

No special arrangements under the project.

## B5.8 Procurement Plan

B5.8.1 **General:** The PP has been agreed between the Borrower and the Bank on during the Loan negotiations and is available at PMU offices in Banjul. It will also be available in the Project's database and in the Bank's external website. The PP will be updated by the Borrower annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Any revisions proposed to the Procurement Plan shall be submitted to the Bank for its prior no objection. The Borrower shall implement the PP in the manner in which it has been agreed with the Bank.



## **SIMPLIFIED PROCUREMENT PLAN**

<b>Procurement System<sup>3</sup></b>	<b>Package No.</b>	<b>Package Description</b>	<b>Category<sup>4</sup></b>	<b>Lot No.<sup>5</sup></b>	<b>Lot Description<sup>6</sup></b>	<b>Estimated Cost (UA'million)</b>	<b>Procurement Method</b>	<b>Pre-or Post-Qualification</b>	<b>Procurement Oversight<sup>7</sup></b>	<b>Planned SPN Publication Date</b>
<b>BPM</b>	<b>GDS1</b>	3000mt of Fertilizer inputs	<b>Goods</b>	<b>1</b>	<b>Fertilizer inputs</b>	<b>3.15</b>	<b>OCB-I</b>	<b>Post</b>	<b>Prior</b>	<b>July 2022</b>
<b>BPS</b>	<b>GDS2</b>	Breeder and Foundation Seeds	<b>Goods</b>	<b>4</b>	<b>Breeder &amp; Foundation Seeds</b>	<b>0.02</b>	<b>Shopping</b>	<b>Post</b>	<b>Post</b>	<b>July 2021</b>
<b>BPM</b>	<b>C1</b>	Support the development of the Fertilizer Strategy and Implementation including the Smart subsidy Scheme	<b>Services</b>	<b>N/A</b>	<b>Fertilizer Strategy and Subsidy Scheme</b>	<b>0.02</b>	<b>Direct Negotiation</b>	<b>Post</b>	<b>Prior</b>	<b>July 2021</b>
<b>BPM</b>	<b>C2</b>	Annual Financial Audit	<b>Services</b>	<b>N/A</b>	<b>Audit</b>	<b>0.02</b>	<b>LCS</b>	<b>Post</b>	<b>Prior</b>	<b>June 2023</b>

<sup>3</sup> Insert Procurement systems used under the project (Recipient Procurement System and/or Bank's Methods & Procedures and/or Third Party)

<sup>4</sup> Indicate: Goods/Works/Consulting Services/Non-Consulting Services

<sup>5</sup> If applicable

<sup>6</sup> If applicable

<sup>7</sup> Indicate (Procurement Audit / Post Review / Prior Review)

## APPENDIX VII FINANCIAL MANAGEMENT ASSESSMENT REPORT

**5.5.0 Introduction:** The financial management (FM) capacity assessment was performed virtually in June 2022 on the executing agency, the Ministry of Agriculture (MOA), in charge of executing the proposed Gambia additional Financing for the African Emergency Food Crisis (AEFPF). The assessment was carried out in line with the Financial Management Policy of the African Development Group financed operations (2014), the Financial Management Implementation Guidelines for Bank Group Operations (2019), Guidance Note on Financial Management in Rapid Response to Crises and Emergencies. The FM capacity assessment aims to determine whether the MOA has acceptable FM arrangements (consisting of budgeting, accounting, financial reporting, internal controls, treasury management- including disbursement and funds flow, and external audit) in place to manage the fiduciary aspect of the additional Financing under the ongoing The Gambia Rice Value Chain Project (RVCP) and able to: (i) accurately and completely record all project transactions and balances; (ii) facilitate the preparation of regular, timely and reliable financial statements; (iii) safeguard the project's assets (as applicable); and (iv) be subjected to auditing arrangements acceptable to the Bank. Details of the FM capacity assessment are presented below:

**5.5.1 Financial and Disbursement Management:** The Ministry of Agriculture (MOA) will execute the additional Financing for the African Emergency Food Crisis (AEFPF) through its Central Projects Coordination Unit (CPCU) constituted Project Implementation Unit (PIU) currently implementing The Gambia Rice Value Chain Transformation Project (RVCP). The CPCU has been specifically setup up for the overall coordination, supervision and monitoring of all donor funded projects and programmes executed under the MOA. The existing FM system of the CPCU, including the FinEx accounting system, chart of accounts, FM manual, implementation manual and internal control procedures will be adopted to execute the AEFPF. The Project Accountant (who is dynamic and experienced on Bank rules) will be in charge of the FM function of the project under the overall supervision of the CPCU Coordinator and Financial Controller who are both experienced on the Bank's FM and disbursement rules. The CPCU has successfully executed the closed FASDEP and Agricultural Value Chain Development Project (AVCD) and the ongoing Rice Value Chain Transformation Project (RVCP) funded by the Bank as well as other projects funded by the World Bank, the Global Environmental Fund (GEF), Islamic Development Bank and IFAD. The RVCP PIU is headed by a Project Director (PD), who has overall responsibility for the day-to-day administration and implementation of the of project and reports to the CPCU Coordinator and the Bank. The CPCU in the last quarter of 2021 appointed the PA as Project Director, following the demise of the former PD, and the Assistant Project Accountant had been assigned as the PA. The assessment recommends that substantive staffing appointments be made and the vacant assistant project accountant position be filled. In harmony with other CPCU managed projects and GOTG accounting standards, the PA will adopt the existing FinEx accounting package, chart of accounts, FM manual and International Public Sector Accounting Standards (IPSAS) Cash Basis accounting framework, to prepare project financial reports. On a quarterly basis, the PA will generate from FinEx accounting software, un-audited interim financial reports (IFRs) for the benefit of GOTG and shared with the Bank within 45days after the end of each calender quarter. Annually, the PA will prepare project financial statements, covering all project activities for the fiscal year in line with IPSAS Cash Basis, which shall be (concurrently audited alongside with the RVCP) audited by the Auditor General of The Gambia or a competitively recruited independent private external audit firm. The audit terms of reference (TOR) shall be agreed with the Bank prior to the commencement of the audit. The PIU is conversant with the contents both IFRs and annual project financial statements and shall be further discussed and agreed during negotiation. The assessment further recommends that the existing project implementation manual (PIM) be adopted with minor admendments and implemented to guide project operations and implementation. The existing project steering committee (chaired by the MOA Permament Secretary) shall provide strategic direction and oversight guidance as well as approve the annual workplans, budgets and procurement plans before submission for the Bank's 'no-objection'. The existing internal control procedures of CPCU managed projects, shall be

implemented by the project to strengthen the control environment. The Internal Audit Directorate (IAD) will provide internal checks and periodically review project operations. The internal audit reports must be approved by the Director of the IAD before submission to the PSC, who will ensure that audit recommendations are implemented timely.

**5.5.2 Disbursement Arrangement:** The Bank uses the following four (4) disbursement methods in disbursing funds to its projects: (i) Direct payments; (ii) Special Account (SA); (iii) Reimbursement; and (iv) Reimbursement guarantee methods. Bank financed projects executed by the CPCU have generally have made use of Direct payment and Special account methods. The **Direct payment method** will largely be used for payments to suppliers/ vendors for fertilisers, other agro input supplies and consultancy services which contracts have been signed between project management and suppliers/ vendors/consultants. A dedicated special account (SA) USD will be opened at the Central Bank of The Gambia to receive advances from the Bank for payments of operating costs. The other disbursements methods (**Reimbursements and Reimbursement guarantee**) shall also be at the disposal of the project should the need arise during project implementation.

**5.5.4 External audit:** The National Audit Office (NAO) shall concurrently audit the annual project financial statements with the RVCP, in line with its statutory mandate. In instances that the NAO is not able to carry out the audit due to capacity constraints, the NAO will lead the recruitment process of a private independent external audit firm to audit, concurrently both AEFPP and RVCP. The recruitment process shall be competitive and follow an agreed upon procedure (using a list of approved audit firms), acceptable to the Bank. The audit terms of reference (TOR) shall be agreed with the Bank. The audit reports consolidating the AEFPP and RVCP, shall consists of the audited financial statements with the auditor's opinion and accompanying management letter. The reports must be submitted to the Bank no later than six (6) months after the end of each financial year being audited. The audit cost shall be paid for from project resources.

**5.5.6 Overall Conclusion:** The assessment concluded the overall FM risk is rated substantial and to mitigate this further: (i) the CPCU will ensure that the project adopts the existing FM system of the CPCU, including the FinEx accounting system, chart of accounts, FM manual, and internal control procedures to execute the Project; (ii) the MOA will ensure that substantive appointments are made in the FM function and the vacant positions within the RVCP filled; (iv) admend and implement the existing project implementation manual (PIM) to guide project operation and implementation; and (vi) fully implement the FM action plan.

## **PART 2. DETAILED FINANCIAL MANAGEMENT ASSESSMENT**

**5.5.7 Summary Project Description:** The Gambia AEFPP aims to support the government to raise food production of farmers to mitigate the impact of the Russia-Ukraine war food crisis in the short-term period. This will be achieved through the provision of fertilizer and certified climate smart seeds of maize, rice, sorghum, and legumes- groundnuts, to registered smallholder farmers, with an average production of 0.5ha. The project comprises of the following components.

- (i) **Scale up Production and Productivity:** Provision of improved seeds and affordable fertilizers to farmers.
- (ii) **Enhance farmer registration database for Smart Input Subsidies:** Expansion of Farmer Registration Database collection and management and Farmer training.
- (iii) **Strengthen Agriculture Policy and Project Management:** Agriculture Fertilizer policy development and Monitoring & Evaluation and Supervision.

**5.5.8 Use of Country Systems:** The latest Country Fiduciary Risk Assessment (CFRA) carried out in January 2021, **concluded that the overall country fiduciary risk is substantial.** There have been

positive improvements in the trajectory of PFM reforms since the 2014 PEFA review, especially in budget preparation, fiscal planning and expenditure policy, accounting, recording, and reporting and aspects of predictability and control in budget execution. There are ongoing reforms by government to improve the challenges and weaknesses highlighted in the 2014 PEFA report including- budget credibility, low levels of transparency, weak controls for non-salary expenditure, and lags in external scrutiny & audit. There has also been improvements in the legal and regulatory framework with the adoption of the Public Finance Act 2014, the National Audit Office Act 2015, Public Finance Regulations 2016, as well as wider roll out of IFMIS to MDAs, successful change over in political administration in 2017, successful implementation of PFM strategies (for period- 2010 -2014; 2016 - 2020; and currently ongoing 2021-2025), establishment of the Financial Intelligence Unit, introduction of the Program Based Budgeting (PBB - 2017) framework and commitment to establish Treasury Single Account. Other key ongoing reforms include the roll out of Internal Auditors to MDAs; the ongoing ASYCUDA world business process re-engineering project to automate and enhance revenue administration management, Comprehensive Debt Management (Public and Publicly Guaranteed Debt) to mitigate the high level of government debt; Revising the MTEF operational guidelines; Rolling out IFMIS to donor self-accounting projects; Integration of HR module held at Personnel Management Office with the NAS DNA Payroll running on the IFMIS and the establishment of Public Private Partnership Unit to improve the efficiency and quality of public services and infrastructure have been significant milestones. The accountancy, auditing and financial reporting environment in the Gambia has seen some improvements with the establishment and operationalization of the Gambia Institute of Chartered Accountants (GICA), the adoption of the Financial Reporting Act 2013, and inauguration of the Financial Reporting Oversight Board (FROB) in February 2019, to give further impetus to the operational efficiency of the Act and effectiveness of GICA.

Despite the above improvements, significant weaknesses still exist including but not limited to effectiveness in tax collection, budget predictability, commitment control, and budget execution credibility. In addition, information on Government arrears is not readily available, and remain largely unreported thereby undermining both credibility of the budget and fiscal discipline. The Treasury Single Account (TSA) is not yet operational even though the information technology tools, and systems have allowed for online access to all government bank accounts through the Central Bank's banking module (T-24). Nonetheless, Government is committed to resolving the above challenges through PFM reforms contained in the PFM Strategy (2021-2025).

**5.5.9 Harmonization with Other Donors:** This additional financing harmonises with the ongoing Bank funded RVTCP and other donor interventions executed by the Ministry of Agriculture (MOA) including projects funded by the Bank, World Bank, EU, Islamic Development Bank and IFAD. The project will consolidate on the gains made under the closed Bank financed Food and Agricultural Sector Development Project (FASDEP), Agricultural Value Chain Development Project (AVCDP), and Gambia Agriculture Transformation Project (GATP) as well as the ongoing RVCP and Building Resilience Against Food and Nutrition Insecurity in the Sahel (P2RS). The AEFPP in harmony with other CPCU managed projects will use same financial management arrangements including FinEx accounting package, chart of accounts, financial management manual and internal controls (including the Internal Audit Directorate) under the overall supervision of the CPCU Financial Controller.

**5.5.10 Executing Agency:** The Ministry of Agriculture (MOA) will execute the AEFPP through the Central Project Coordination Unit (CPCU) which has been specifically setup by the GOTG to manage donor funded projects and programmes under the Ministry of Agriculture.

**5.5.11 Summary of assessed financial management arrangements:** The assessments of the various FM elements in the above executing agencies are summarised below:

**(i) Budgeting System:** The CPCU will use the existing formalized GOTG budgeting system for budget planning, formulation, execution, and monitoring. The budgeting process is bottom up and preparatory, ensuring that annual budgets are comprehensive and capture all inputs from the technical units of the project. The annual budget and work plan will be prepared from the overall approved project workplan and budget, which will be reviewed and approved by the PSC prior to submission to the Bank for its ‘no-objection’.

**(ii) Accounting:** The project accountant (PA) will be in charge of the accounting function of the project under the overall supervision of the CPCU Financial Controller. The PA is dynamic, experienced on the Bank rules and currently handling the accounting and financial reporting of the Bank financed RVCP. He is proficient in the practical application of International Public Sector Accounting Standards (IPSAS) Cash Basis and skilled in the use of FinEx accounting software. In harmony with other DP projects executed by CPCU, the PA will adopt the existing FinEx accounting package, chart of accounts, financial management manual and IPSAS Cash Basis accounting framework for recording and processing of project accounting transactions and preparation of financial reports. At the end of every calendar quarter, the PA will generate from the FinEx accounting software, un-audited interim financial reports (IFRs) and submit to the Bank within 45days after the end of every calendar quarter. On annual basis, the PA will prepare project financial statements, covering all project activities for the fiscal year in line with IPSAS Cash Basis accounting framework, which shall be audited (alongside with the RVCP) by the National Audit Office or an independent private external audit firm, competitively recruited, acceptable to the Bank. The respective duties of the accounting function including the PA, Assistant Project Accountant and accounts clerk will be detailed in their respective contracts to ensure adequate segregation duties.

**(iii) Financial reporting:** The PA will be in charge of the preparation of all project reports including quarterly un-audited interim financial reports (IFRs) and annual project financial statements (PFS), using the existing FinEx accounting software and chart of accounts. The annual financial statements shall be in line with IPSAS Cash Basis Accounting framework consistent with accounting standards adopted by the government of the Gambia and other donor funded projects executed by CPCU. The project will also adopt the existing CPCU financial management manual to codify FM practices within the project. The PA will ensure timely production of quarterly IFRs for submission to the Bank within 45days after the end of every calendar quarter. He shall also ensure timely preparation of the draft annual project financial statements, which must be audited (concurrently alongside with the RVCP) by the National Audit Office (NAO) or a competitively recruited private external audit firm, acceptable to the Bank. The signed consolidated audited project financial statements (consisting of the AEFPP and RVCP) and accompanying management letter must be submitted to the Bank no later than six (6) months after the end of the year being audited. The CPCU is conversant with contents of both the IFRs and annual project financial statements and this shall be further discussed and agreed during negotiation. At a minimum the content of the consolidated PFS shall include: (i) a statement of receipts and payments; (ii) a statement of comparison of budget to actuals (iii) Notes to the accounts comprising, significant accounting policies and other explanatory notes; (iv) statement of disbursement reconciliation; and (v) comprehensive listing of all assets acquired using project resources.

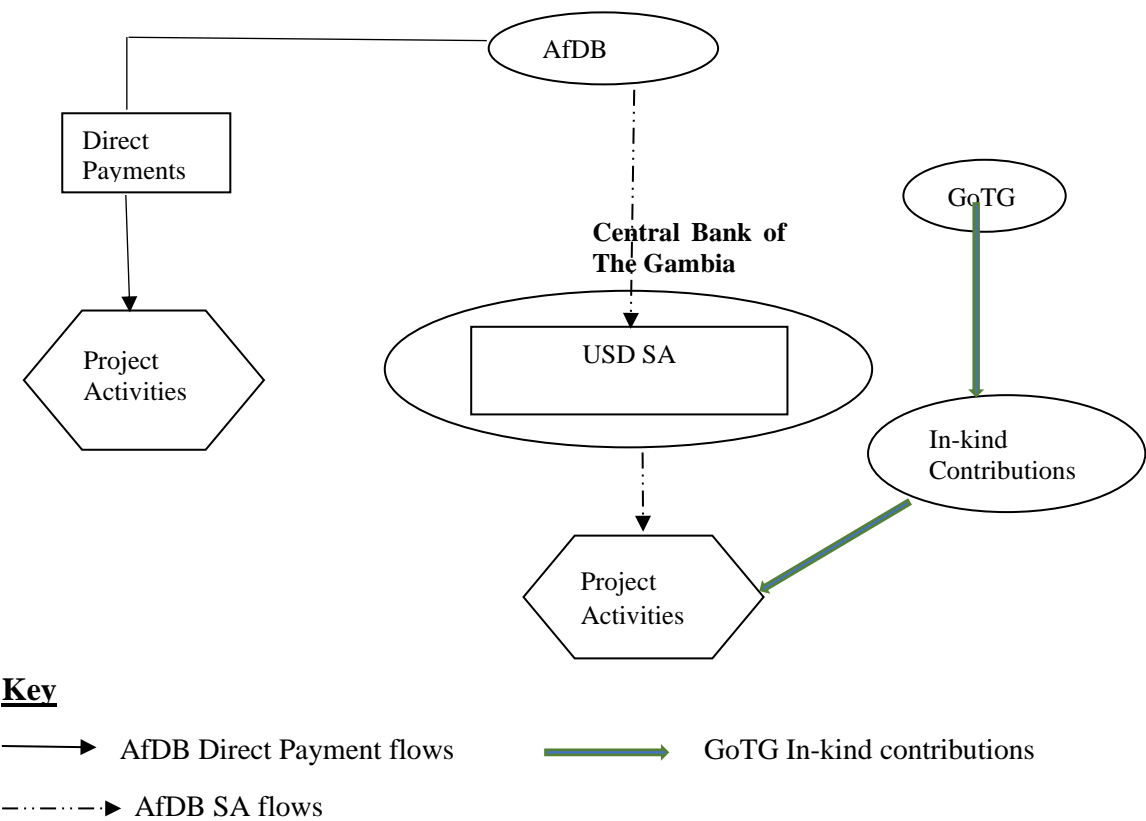
**(iv) Internal Control System, Governance, and Anti-corruption:** The GOTG internal control procedures (as modified by CPCU for projects) and detailed in the financial management manual will be implemented by the project for processing and approving payments as well as strengthening the control environment. The existing PSC (chaired by the MOA Permanent Secretary) will provide strategic direction and oversight guidance as well as scrutinise and approve the annual workplans, budgets and annual procurement plans before transmission for the Bank’s ‘no-objection’. The assessment recommends minor amendments and adoption of the current project implementation manual (PIM) to guide project operations and implementation. The Internal Audit Directorate (IAD),

is headed by an experienced chartered accountant who has extensive auditing experience. The IAD will provide internal checks and periodically review project operations. The internal audit reports must be approved by the Director of the IAD before submission to the PSC, who will ensure timely implementation of audit recommendations. The assessment further recommends that reviews of the project by the IAD be included in the annual work programme of the Internal Audit Directorate. The existing GOTG procedures and internal checks will be adopted by the project for reviewing, processing and approving withdrawal requests.

**(v) Treasury Management (including funds flow and disbursements):** The Bank uses the following four (4) disbursement methods in disbursing funds to its projects: (i) Direct payments; (ii) Special Account (SA); (iii) Reimbursement; and (iv) Reimbursement guarantee methods. Bank financed projects executed by the CPCU have generally have made use of Direct payment and Special account methods. The **Direct payment method** will largely be used for payments to suppliers/ vendors for fertilisers, other agro input supplies and consultancy services which contracts have been signed between project management and suppliers/ vendors/consultants. A dedicated special account (SA) USD will be opened at the Central Bank of The Gambia to receive advances from the Bank for payments of operating costs. The other disbursements methods (**Reimbursements and Reimbursement guarantee**) shall also be at the disposal of the project should the need arise during project implementation.

*All disbursements under the project shall be in accordance with the Bank’s disbursement procedures outlined in the Disbursement Handbook 2020.*

The *flow of funds diagram* below illustrates the flow of funds from the Bank to the proposed project:



**(vi) External Audit:** The National Audit Office (NAO) shall concurrently audit the annual project financial statements with the RVCP, in line with its statutory mandate. In instances that the NAO is not able to carry out the audit due to capacity constraints, the NAO will lead the recruitment process of a private independent external audit firm to audit, concurrently both AEFPP and RVCP. The recruitment

process shall be competitive and follow an agreed upon procedure (using a list of approved audit firms), acceptable to the Bank. The audit terms of reference (TOR) shall be agreed with the Bank. The audit reports consolidating the AEFPPF and RVCP, shall consists of the audited financial statements with the auditor's opinion and accompanying management letter. The reports must be submitted to the Bank no later than six (6) months after the end of each financial year being audited. The audit cost shall be paid for from project resources.

**5.5.12 Summary Action Plan:** The following FM actions need to be carried out by MOA and CPCU to operationalize the agreed mitigating measures:

<b>Action</b>	<b>EA&amp; Responsibility</b>	<b>Completion Date</b>
1. Make substantive appointments in the FM function of the RVCP PIU and fill the vacant Assistant Project Account Position.	<b>CPCU/MOA</b>	Before first disbursement
2. Make minor amendments to the project implementation manual (PIM) to guide project operations and implementation.	<b>CPCU</b>	Within 1 months after effectiveness
3. Adopt existing Financial Management Manual to streamline FM practices within the project.	<b>CPCU</b>	Before first disbursement
4. Set up the project on the existing FinEx Accounting System and chart of accounts for accounting and financial reporting	<b>CPCU/ Software Consultant</b>	Within 1 month effectiveness
5. Include the project in the work programme of internal audit and carry out periodic reviews on project operations and provide internal checks on project transactions.	<b>IAD</b>	Within 1 month after approval

**5.5.13 Conditions and Financial Covenants:** There are no specific FM conditions precedent to first disbursement.

**5.5.14 Supervision Plan:** The project will be supervised twice per year alongside with the RVCP. The FM supervision missions will comprise of desk reviews and onsite visits, supplemented with the reviews of quarterly un-audited IFRs, annual external audit reports and follow-ups on management actions on audit and supervision mission recommendations. The FM risk will be periodically re-assessed, and the number of supervision missions adjusted according to the evolving FM risk.

## **Annex 1: FM Risk Analysis Summary**

<b>Risk Type</b>	<b>Likelihood of occur.</b>	<b>Impact if it occurs</b>	<b>Rating Risk</b>	<b>Risk mitigation measures planned</b>	<b>Conditionality (Yes/No)</b>
<b>Inherent Risk</b>					
<b>Country Level:</b> Risk associated with overall FM capacity in The Gambia	<b>Substantial</b>	<b>Substantial</b>	<b>S</b>	Use of CPCU RVCP PIU to be in charge of the fiduciary arrangements of the project. The PIU is headed by a PD and the FM function headed by a PA who skilled and experienced on the Bank procedures. The PIU shall execute the project under the overall supervision of the CPCU Coordinator and FC. The existing CPCU FinEx Accounting software, chart of accounts and FM Manual will be adopted for project accounting and preparation of financial reports. The existing PSC, chaired by the MOA PS to provide strategic direction and oversight guidance to the project.	<b>No</b>
<b>Entity Level:</b> Inadequate experience in handling the FM of Bank financed project.	<b>Low</b>	<b>Moderate</b>	<b>M</b>	The CPCU FC will provide overall quality assurance to the project FM. The FC, PD and acting PA have several years of experience in managing the fiduciary arrangements of Bank financed projects including the P2RS, AVCDP and the ongoing RVCP and therefore conversant with the Bank rules.	<b>No</b>
<b>Project Level:</b> Nature of project activities, inappropriate use of project funds and incorrect information reported	<b>High</b>	<b>Substantial</b>	<b>S</b>	Use of CPCU existing FM system and experienced Project management team to manage the FM arrangements of the project under the overall supervision of the CPCU FC and PD. The CPCU FM manual will be adopted to ensure streamline FM practices within the project and further strengthen controls. The PA will ensure that all project transactions are accurately and timely captured in the FinEx Accounting System for efficiency and accuracy.	<b>No</b>
<b>Overall Inherent Risk</b>			<b>S</b>		
<b>Control Risk</b>					
<b>Budgeting:</b> Timely captured and approval of annual workplans/ budgets and incorrectly formulated annual work plans/ budgets, not covering all project activities.	<b>Low</b>	<b>Moderate</b>	<b>M</b>	The existing GOTG budgeting system will be adopted for preparing, executing, and reporting on budget executions. The budgeting process is bottom up, participatory and comprehensive ensuring that all the technical units' inputs are captured in the budget. The annual workplans and budgets will be based on the overall approved project workplan and budget, which must be scrutinized and approved by the PSC before the Bank grants its no-objection.	<b>No</b>
<b>Accounting:</b> Possible delays in recording and reporting project related financial transactions.	<b>Moderate</b>	<b>Substantial</b>	<b>S</b>	Use of CPCU existing FinEx accounting software by the PA for recording and processing project accounting transactions and preparing financial reports. The adoption of the CPCU FM manual will codify FM practices within the project. The CPCU FC will ensure that all accounting transactions are properly authorized, recorded and accurately reported in a timely manner.	<b>No</b>
<b>Internal Control:</b> Compliance with project financial regulations	<b>Moderate</b>	<b>Substantial</b>	<b>S</b>	Use of GOTG internal controls as modified by CPCU for projects and detailed in the FM manual will be implemented by the project to strengthen the internal controls environment. Minor modifications will be made to the existing PIM and implemented to guide project implementation operation. The Internal Audit Director (IAD) will periodically review project operations and provide internal checks to further strengthen the control environment.	<b>No</b>
<b>Treasury Management/ Funds Flow:</b> Delays in effecting disbursements, SA justifications and replenishments.	<b>Moderate</b>	<b>Substantial</b>	<b>S</b>	The PD and PA are experienced on the Bank disbursement procedures, and the CPCU FC will ensure that of all withdrawal applications prepared timely and operations of the SA including monthly disbursement reconciliations and bank reconciliation processes. All disbursements will follow Bank's Disbursement Handbook 2020.	<b>No</b>



<b>Reporting and Monitoring</b> Delays in submission and/ or non-submission of IFRs.	<b>Moderate</b>	<b>substantial</b>	<b>S</b>	The PIU will use the existing FinEx Accounting system to produce IFRs for submission to the Bank. The PD and FC will ensure that the IFRs are prepared in a timely manner by the PA for submission to the Bank.	<b>No</b>
<b>External Audit</b> Audits may not be performed in accordance with Bank's ToR and submitted within the timeframe	<b>Low</b>	<b>Substantial</b>	<b>M</b>	The National Audit Office (NAO) or an independent external audit firm competitively recruited by the NAO with the approval of the Bank will annually audit the project, concurrently with the RVTCP, using audit ToRs acceptable to the Bank. The NAO will ensure that the audit reports are submitted to the Bank on time.	<b>No</b>
<b>Overall Control Risk</b>			<b>S</b>		
<b>Overall Project Risk Rating</b>			<b>S</b>		

*H – High*

*S - Substantial*

*M – Moderate*

*L – Low*

## **Appendix VIII: Fragility and Resilience Analysis**

A legacy of authoritarianism, weak public institutions, political instability, and the limited capacity of the public administration are the most salient causes of state fragility in Gambia. Years of authoritarian misrule under the previous regime severely undermined the capacity of the public sector to execute its core functions. More recently, the ongoing efforts to strengthen political and social inclusion, and increased citizen engagement has contributed to overall improvements in the country's social cohesion. The country's capacity of resilience to economic shocks is low due to the lack of modernization of the agriculture sector, the lack of economic diversification, and the low morale of civil servants. Fragility in the Agriculture Sector in the Gambia is categorized by poor infrastructure, soil fertility depletion, declining agriculture commodity prices, soaring prices of production inputs and low private Sector investment. Moreover, it is characterized by little diversification, mainly subsistence rain-fed agriculture with a food self-sufficiency ration of about 50%. The crops sub-sector generates approximately 40% of the foreign exchange earnings and provides about 75% of total household income.

While the country partly relies on agriculture for food production and self-sufficiency, poverty and food insecurity are widespread, and nearly half its estimated 2 million people live in poverty. Forty per cent of inhabitants live in rural areas where 73.9 per cent live below the poverty line. Over 60 per cent of Gambians depend on farming for their livelihood. Farmers and agricultural workers, especially women and young people, form a large part of the poor and extremely poor. Many are illiterate, and lack knowledge, skills, economic opportunities and access to productive resources such as credit, land ownership, and support services. Traditionally, women do not own or control land, yet are more than half of the agricultural labour force. These drivers of fragility can only be addressed through projects and programs like The Gambia Emergency Food Production Project by exploring innovative approaches such as smart delivery of subsidized inputs that are transparent, accountable and easily accessible to women and youth while ensuring that fertilizers are affordable and accessible.

Based on the Bank's new strategy (2022-2026) of addressing fragility and building resilience in Africa, the project leverages three important aspects. First, this project seeks to build institutional capacity by investing by strengthening Gambia agriculture policy and project management systems, which will be crucial for the country's ability to manage shocks. Secondly, the project seeks to engage the private sector even though it is limited in Gambia. This will be an important pathway to strengthening greater resilience, because it will contribute to building the infrastructure for job creation and enhance livelihood opportunities. Overall, this aspect will lead to the promotion of socio-economic inclusion. This project also seeks to address the needs of the most vulnerable members of the population, notably women, youth (especially in rural areas), and those affected by the conflicts at the border between Casamance and Gambia (including those who are forcibly displaced). This operation takes into account the major approaches to address the drivers of fragility and strengthen the levers of resilience in Gambia, meaning to reinforce the institutional capacities and socio-economic structures that will enable Gambia to better manage and recover from shocks and stresses. The Project can achieve this goal by exploring innovative approaches such as smart delivery of subsidized inputs that are transparent, accountable and easily accessible to women and youth while ensuring that fertilizers are affordable and accessible. Increase food production, especially cereal and seed oil nuts production to avert food crisis and build the resilience of value chain actions for future shocks. An effective entry point for the Project to build resilience is to improve the regulatory environment to address weak public agriculture institutions and the limited capacity of the public administration for agriculture development to strengthen Human Capital Development Strategy for sustainable agricultural development.

## Fragility and Resilience Matrix

Drivers of Fragility	Recommendation to Build Resilience	Actions Taken by the Project
<ul style="list-style-type: none"> <li>Country's capacity of resilience to economic shocks is low due to the lack of modernization of the agriculture sector</li> <li>lack of economic diversification, and the low morale of civil servants.</li> <li>Poor infrastructure, soil fertility depletion, declining agriculture commodity prices, soaring prices of production inputs</li> <li>Low private investment. Moreover characterized by little diversification, mainly subsistence rain-fed agriculture with a food self-sufficiency ration of about 50%.</li> <li>Poverty and food insecurity are widespread, and nearly half its estimated 2 million people live in poverty where 73.9 per cent live below the poverty line.</li> <li>Farmers and agricultural workers, especially women and young people, form a large part of the poor and extremely poor.</li> <li>Many are illiterate, and lack knowledge, skills, economic opportunities and access to productive resources such as credit, land ownership, and support services.</li> <li>Women do not own or control land yet are more than half of the agricultural labour force.</li> </ul>	<ul style="list-style-type: none"> <li>Invest in more sustainable agriculture productivity and not only subsistence framing which does not meet the long-term food security need.</li> <li>Increase diversification of the economy by boosting agriculture activities as tourism can be impacted by global constraints like COVID 19 and the fallout from the Russia and Ukraine war.</li> <li>Invest in private sector development by engaging in large scale mechanize farming and food production to increase food security and self sufficiently</li> <li>Increase access to land ownership to boost food production and food security.</li> <li>Adopts a gender-responsive approach to increasing women's access to agricultural inputs, specifically seeds, fertilizers and extension information</li> <li>While the Project faces resource constraints, allocating minimum resources to build capacity of women to increase economic opportunities is highly recommended.</li> <li>Legislate laws that increase women participation in the Agriculture Sector and land ownership for women to address this driver of fragility.</li> </ul>	<ul style="list-style-type: none"> <li>The project seeks to engage the private sector through agriculture modernization even though it is limited with respect to resources</li> <li>Reinforce the institutional capacities and socio-economic structures that will enable Gambia to better manage and recover from shocks and stresses</li> <li>It will contribute to building the infrastructure for job creation and enhance livelihood opportunities</li> <li>Promote socio-economic inclusion and address the needs of the most vulnerable members of the population, notably women, youth (especially in rural areas), and those affected by the conflicts at the border between Casamance and Gambia (including those who are forcibly displaced)</li> <li>Address the needs of the most vulnerable members of the population mainly women and youth in the rural communities and those affected by the conflicts and extreme poverty.</li> <li>exploring innovative approaches such as smart delivery of subsidized inputs that are transparent, accountable and easily accessible to women and youth while ensuring that fertilizers are affordable and accessible</li> <li>This Project does not have the resources required to undertake this initiative as it is politically sensitive and time consuming.</li> </ul>

**APPENDIX IX: ADDITIONAL FINANCING POLICY ALIGNMENT CHECKLISTS BY REASON FOR AF**

Eligibility Criteria for AF as Emergency Operation <sup>8</sup>	Compliance (Yes / No)	Justification/reference to relevant paragraphs
i. Satisfactory performance of the Project: Scoring of 3 or better on the development objective (DO); (Satisfactory); Scoring of 3 or better on implementation progress (IP); (Satisfactory) ; The outputs/effects and results recorded in the last IPR of the project show that its impact so far has been in line with the expectations set out in the PAR; Key provisions of the loan/grant are largely complied with, including audit, financial management and reporting requirements on environmental and social safeguards; For projects facing fiduciary or environmental and social safeguarding difficulties, or other problems recorded in the IPR, these should have been resolved, or a feasible action plan developed, prior to the assessment of the additional funding; For projects that have experienced implementation difficulties in the past, these should have been resolved and the project should have performed well for at least 6 months prior to the submission of the AF request.	Yes	The IPR and the MTR shows a satisfactory performance of the RVCP
ii. Providing additional funding is a better option than starting a new project.	yes	Section 3.3
iii. The project is generally aligned with the Bank Group's relevant strategies, priorities and policies and country, regional and sectoral priorities, and the overall environment is conducive to its success.	yes	Section 3.2
iv. The project is broadly in line with the development objectives of the initial project.	yes	Section 3.3
v. The project is technically feasible overall	yes	Sections 3.3, 3.2
vi. The project is economically and financially viable overall	yes	Annex IV- project feasibility
vii. The institutional, fiduciary, environmental and social arrangements for the project as a whole are satisfactory	yes	Section 5.2 Annex 4.4

<sup>8</sup> This does not include emergency operations financed out of the Special Relief fund. Please refer to the AF processing Guidelines for such operations

viii. Associated risk mitigation measures are satisfactory for the project as a whole	yes	Section 5.9
ix. The assessment of the quality at entry (QaE) of the project and the assessment of its overall credit risk are considered satisfactory for sovereign operations financed from AfDB resources in ADF-only countries	yes	Section 3.3
x. The project modifications could not be anticipated at original project PAR and the reasons are beyond the control of the borrower/beneficiary; the borrower/beneficiary provides justification; the borrower/beneficiary is not able to make the AF available; nor has it been able to find other financiers and provides justification for the request for additional financing from the Bank Group.	yes	Section 3.3
xi. the size of the project cannot be reduced without compromising its ability to achieve its development objectives and sustainability.	yes	Section 3.3
xii. Is the AF in line with the Policy on Expenditures Eligible for Bank Group Financing?	yes	Section 3.3
xiii. Could the borrower/beneficiary or the entity implementing the project have taken earlier steps to address the project modification?	yes	Section 3.3
xiv. Are there any implementation delays in completing the activities under the project if AF is provided?	yes	Section 3.3
xv. Is the Borrower/Recipient committed/able to quickly process the AF to enable smooth and successful completion of the activities it would support?	yes	The implementation arrangement

# ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



AFRICAN DEVELOPPEMENT BANK GROUP

## A. Basic Information<sup>9</sup>

<b>Project Title:</b> Emergency Food Production Program		<b>Project "SAP code" :</b> P-GM-AA0-019
<b>Country:</b> The Gambia	<b>Lending Instrument<sup>10</sup>:</b> DI <input type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input checked="" type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>	
<b>Project Sector:</b> Agriculture	<b>Task Team Leader:</b> DADZIE, REBECCA	
<b>Appraisal date:</b> 29/06/2022	<b>Estimated Approval Date:</b> [07/15/22]	
<b>Environmental Safeguards Officer:</b> xxxxxx		
<b>Social Safeguards Officer:</b> KAMARA, SEKOU ABOU/ OGAR, PETER ATA		
<b>Environmental and Social Category:</b> 2	30/06/2022	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>
<b>Is this project processed under rapid responses to crises and emergencies?</b>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Is this project processed under a waiver to the Integrated Safeguards System?</b>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

## B. Disclosure and Compliance Monitoring

### B.1 Mandatory disclosure

<b>Environmental Assessment/Audit/System/Others (specify):</b> Pest Management Plan (PMP)		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>Resettlement Action Plan/Framework/Others (specify):</b>		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>Vulnerable Peoples Plan/Framework/Others (specify: N/A)</b>		
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why:</b> <i>As per the provision of the African Emergency Food Production Facility paper approved by the Board, the preparation and disclosure of the E&amp;S documents are deferred after Board Approval. They will be prepared and disclosed in-country and by the Bank prior the implementation of concerned activities.</i>		

### B.2. Compliance monitoring indicators

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



## C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?

Yes ☒ No ☐

<sup>9</sup> Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>10</sup> DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results Based Financing.

<i>Prepared by:</i>	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Environmental Safeguards Officer:	xxxxxx		
Social Safeguards Officer:	OGAR, PETER ATA / KAMARA, SEKOU ABOU		30/06/2022
Task Team Leader:	DADZIE, REBECCA		30/06/2022
<i>Submitted by:</i>			
Sector Director:	Martin FREGENE		30/06/2022
<i>Cleared by:</i>			
Director SNSC:	Maman-Sani ISSA		02/07/2022