

AFRICAN DEVELOPMENT FUND



**PROJECT: SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE PROJECT –
ADDITIONAL FINANCING FROM THE AFRICAN DEVELOPMENT
FUND (ADF - 15)**

COUNTRY: REPUBLIC OF LIBERIA

PROJECT APPRAISAL REPORT

Date: September, 2022

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AFRICAN DEVELOPMENT FUND



REPUBLIC OF LIBERIA

SPECIAL AGRO INDUSTRIAL PROCESSING ZONE PROJECT – LIBERIA SAPZ (P-LR-AA0-009)

ADDITIONAL FINANCING FROM THE AFRICAN DEVELOPMENT FUND (ADF - 15) (P-LR-AA0-012)

RDGW/AHFR/COLR DEPARTMENTS

September 2022

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CURRENCY EQUIVALENTS

As of May 2022

Monetary unit = Liberian Dollar (LD\$)

1 USD = LR\$ 151.39

1 UA = LR\$ 203.51

1 UA = USD 1.344

FISCAL YEAR

January – December

WEIGHTS AND MEASURES

1 metric tonne = 2204 pounds (lbs)

1 kilogramme (kg) = 2.200 lbs

1 metre (m) = 3.28 feet (ft)

1 millimetre (mm) = 0.03937 inch (“)

1 kilometre (km) = 0.62 mile

1 hectare (ha) = 2.471 acres

ACRONYMS AND ABBREVIATIONS

ACA	Agricultural Concession Agreement	M&E	Monitoring and Evaluation
ACRWC	African Charter on the Rights of Women and Children	MACs	Ministries, Agencies, and Commissions
ADR	Alternation Dispute Resolutions	MDA	Mineral Development Agreement
AIDS	Acquired Imuno-Deficiency Syndrome	MDG	Millennium Development Goals
APRM	Africa Peer Review Mechanism	MFDP	Ministry of Finance and Development Planning
AU	African Union	MIA	Ministry of Internal Affairs
CRFA	Country Resilience and Fragility Assessment	MOE	Ministry of Education
DTF	Distance to Frontier	MOH	Ministry of Health
ECOWAS	Economic Community of West African States	MPI	Multidimensional Poverty Index
BPA	Beijing Platform for Action	MSME	Micro, Small, Medium Enterprises
EPHS	Essential Package of Health Services		
CET	Common External Tariffs	MTEF	Medium Term Expenditure Framework
CBL	Central Bank of Liberia.	MYFF	Multi Year Fiscal Framework
CLSG.	Cote D'Ivoire, Liberia, Sierra Leone and Guinée	NASSCOR	National Social Security and Welfare Corporation
CODE	Committee on Operations and Development Effectiveness	P	
CSC	County Service Center	NDP	National Development Plan
CSO	Civil Society Organization(s)	NKI	National Key Indicators
ESRP	Economic Stability and Recovery Program	NSS	National Statistical System
EAP	Economically Active Population	ODA	Official Development Assistance
EU	European Union	PAPD	Pro-Poor Agenda for Prosperity and Development
EVD	Ebola Virus Disease	PETS	Public Expenditure Tracking Survey
FDO	Foreign Direct Investment	PFM	Public Financial Management
FMC	Forest Management Contract	PIU	Project Implementation Unit
FGM	Female Genital Mutilation Global Agriculture and Food Security Programme Governance	PLHIV	People Living with Human Imuno-Deficiency Virus
GAFSF		PPCA	Public Procurement and Concession Act
GC	Commission	PPCC	Public Procurement and Concession Commission
GDP	Gross Domestic Product	PSG	Peace and State building Goals
GNI	Gross National Income	PUP	Private Use Permit
GII	Gender Inequality Index	PWD	People with Disability
GoL	Government of Liberia	SAPZ	Special Agro Industrial Processing Zone
HDI	Human Development Index	SCRI	Social Cohesion and Reconciliation Index
HIES	Household Income and Expenditure Survey	SEZ	Special Economic Zone
HIV	Human Immuno-Deficiency Virus	SWG	Sector Working Group
ICDU	Implementation Coordination and Development Unit	TFR	Total Fertility Rate
IFMIS	Integrated Financial Management Information System	TOC	Theory of Change
IPRS	Interim Poverty Reduction Strategy	TOR	Terms of Reference
IT	Information Technology	TSC	Timber Sales Contract
LASIP-2	Liberia Agriculture Sector Investment Plan 2	TVET	Technical Vocational Education and Training
LDA	Liberia Development Alliance	UDHRUN	Universal Declaration of Human Rights United Nations
LDHS	Liberia Demographic and Health Survey	UNDAF	United Nations Development Assistance Framework
LISGIS	Liberia Institute of Statistics and Geo Information Services	UNDP	United Nations Development Programme
LNP	Liberia National Police	UNICEF	United Nations Children Fund
LRDC	Liberia Reconstruction and Development Committee	UNMIL	United Nations Mission in Liberia
LTO	Long Term Outcomes		

Financing Information

Client's information

BORROWER / RECIPIENT:

Republic of Liberia

EXECUTING AGENCY:

Ministry Finance and Development Planning

IMPLEMENTING AGENCY

National Investment Commission of Liberia

Revised Financing Plan (including additional ADF financing)

Source	Amount (UA Million)	Instrument
ADF Loan	7.84	Loan
ADF Grant	2.27	Grant
ADF Loan (Additional Financing)	2.17	Loan
ADF Grant (Additional Financing)	0.06	Grant
Government of Liberia (in Kind)	1.2	In Kind
TOTAL COST	13.54	N/A

Financial Information on the Additional ADF Loan

GRANT/LOAN CURRENCY (UA)

INTEREST TYPE*	(fixed / float. / ...)
INTEREST RATE SPREAD*	(Basis points)
SERVICE CHARGE	0.75% yearly on the disbursement and outstanding
INTEREST RATE	0.50% yearly on the undisbursed portion of the loan starting 120 days after the signing of the loan agreements
COMMITMENT FEE*	(Basis points)
OTHER FEES*	(Type, b. points)
TENOR	40 Years
GRACE PERIOD	10 Years
FIRR, NPV (BASE CASE)	25.83%, US\$ 144.47. million
EIRR (BASE CASE)	26.18%

**if applicable*

Timeframe – Key Milestones (expected)

Concept Note approval	January 2019
Project Board Consideration	October 2021
Approval of the Additional ADF Financing	October 2022
Effectiveness	October 2022
Completion	December 2026
Last Disbursement	June 2027

RECOMMENDATION OF THE BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING A PROPOSED ADF ADDITIONAL FINANCING FOR THE LIBERIA SPECIAL AGRO INDUSTRIAL PROCESSING ZONE PROJECT (LIBERIA SAPZ)

Management hereby submits this memorandum and recommendation concerning the request for additional funding from the African Development Fund (ADF-15), not exceeding UA 2.23 million, (of which UA 2.17 is in loan and UA0.06 in grant) to finance the activities of the Liberia Special Agro Industrial Processing Zone Project (Liberia SAPZ). The additional financial resources will be used to provide additional capacity building (Component 2) along the value chains in key SAPZ commodities for farmer groups, cover the cost of equipment for industrial skills training, and salaries of 3 full-time consultants to complement existing project staff. These additional activities will be perfectly feasible in the current planning of Liberia SAPZ implementation, which will help increase the outcomes of this project, especially by providing capacity and improving access to agricultural inputs and the aggregation of agricultural output for agro-industrial processing by rural households and small and medium-sized enterprises (SMEs).

I. SUMMARY OF THE INITIAL PROJECT (LIBERIA SAPZ) APPROVED ON 20/10/2021¹

1.0.0 On 20th October 2021, the Board of Directors of the Bank Group approved for the Liberia Special Agro Industrial Processing Zone Project a total amount of UA 11.31 million, broken down as follows: (i) ADF loan: UA 7.84 million (69.3%); (ii) ADF grant: UA 2.27 million (20.1%); and (iii) UA 1.2 million (10.6%) in kind Government contribution. The SEZ/SAPZ is in Buchanan, Grand Bassa County and the project is planned to span a five-year implementation period (2022-2026).

1.1 Strategic Framework

1.1.1 The Liberia Special Agro Industrial Processing Zone Project (Liberia SAPZ) is a flag ship project implemented as part of the the Liberia Agricultural Sector Investment Plan (LASIP II) 2017 to 2025, the five-year Pro-Poor Agenda for Prosperity and Development (PAPD) and the Banks' Feed Africa Initiative 2016-2025. The project is in line with the Bank's Country Strategy Paper (CSP) 2019-2023, Pillar 2, which concerns improving economic governance and enhancing private sector development. The project is also aligned with the Bank's Jobs for Youth in Africa Strategy (2016-2025) which aims to tackle issues of youth unemployment and underemployment across the continent. The additional financing as proposed remains in alignment with the relevant Bank Group corporate, country, regional, and sector strategies, priorities and policies, as indicated in the original project approved by the Board in October 2021.

1.2 Objectives

1.2.1 The project development goal is to contribute to inclusive and sustainable agro-industrial development in Liberia, and in the process, reduce staple food imports, create jobs, and alleviate poverty. The project development objectives are to i) create a better business environment in order to stimulate increased investment in the agro industrial sector; ii) create opportunities for private sector investments at the industrial level and coordinate the integration of small holder farms, and agro processing industry into sustained agro value chains; and iii) improve capacities and skills to benefit from new agribusiness employment and value chain opportunities. The additional financing as proposed in this document remains consistent with the original project's development objectives as enumerated above.

¹ See Board Resolution No. ADF/BD/WP/2021/142

1.3 Expected Outcomes

1.3.1 The main expected outcomes are as follows: (i) increase in the productivity and agricultural production of import substitutes (cassava, rice, aquaculture, horticulture, (fruits & vegetables)), and exports (oil palm, cocoa, coffee, and rubber). (ii) increase in the share of agricultural products processed in situ through private investments (USD 150 million) in the Agro-Industrial hub (iii) strengthening of the country's food security; and (iv) creation of employment (156,000), including for young people and women.

1.4 Brief Description of Project Components

1.4.1 This project was prepared based on reports of feasibility studies and master plans completed and presented to the Government and Stakeholders in Liberia under the guidance of the Bank. The project is structured around three related components; including: a) Strengthen Institutional Capacity and Enabling Climate-resilient Infrastructure for Agro Industrial Development, b) Enable climate-smart agricultural value chain and skills development and strengthen farmer coordination and c) Project Coordination & Management. There are no additional components to the approved project because of the additional financing.

1.5 Cross-Cutting Issues

1.5.1 **Environmental and Social Safeguards** (Annex B7 of the PAR): The project is classified as Category 2 according to the Liberian Environmental Impact Assessment (EIA) Proclamation (No. 299/2002), and the African Development Bank Integrated Safeguard System. The required ESIA reports have been prepared and disclosed both in country and on the Bank's website in accordance with the ISS 30-day disclosure requirement on the 30th of August 2022 before Board deliberations. The ESIA was approved by the Liberia Environmental Protection Agency (EPA) and published on 30th of August 2021. A summary of the assessment was published on the AfDB website on 31 August 2021. The project ESMP outline project key risks and impacts, management measures, responsibilities, and cost of implementation. The ESMP also identifies other management plans that will be required during project implementation, including the Contractor's Environmental, Social, Health and Safety Management Plan. The environmental & social safeguards arrangements remain the same as the original project approved in October 2021.

1.5.2 **Climate Change:** The project is classified under category 2 of the Bank's Climate Safeguard System which means that the project may be vulnerable to climatic impacts. To address these potential climatic challenges, the project will incorporate adaptation features such as ensuring that the infrastructure built under component 1 are climate-proofed and renewable energy options explored e.g., solar power. Component 2 activities will ensure climate-smart agricultural production using climate resistant cultivar and adoption of climate friendly practices in addition to climate-skills training for capacity building efforts. Support to the enabling environment policy and institutional environment will also consider climatic factors to enhance resilience. Given the effect of industrial activities, the greenhouse gas emission potential of the project will be estimated, and mitigation measures will be proposed to reduce GHG effects. This will be included as part of the Terms of Reference for the ESMP that will be required during project implementation as mentioned above.

1.5.3 **Gender analysis and Gender Action Plan:** This project is categorized as GEN II on the Bank's Gender Marker System and is aligned to the Bank's Gender Strategy (2021-2025) specifically in the pillars of increasing women led SME's access to finance and markets through technical assistance, accelerating job creation for women through skills enhancement and increasing women's access to social services through infrastructure development. The project is also within the framework of Liberia's National Gender Policy (2018-2022) which has a focus on gender

responsive agricultural policy formulation and women's economic empowerment with a strategic action on creating and strengthening the institutional capacity of female producers and engagement in value chain development (production, processing, distribution and business development) and business associations. All training and recruitment activities will promote gender diversity as a principle while the project's results framework will be gender sensitive by collecting and analyzing sex disaggregated data. Good practices and lessons on integrating gender equality in the SAPZ will be documented to build a knowledge base. A gender consultant will be hired to lead the implementation of the gender action plan and support the National Investment Commission on project related gender matters. Details on gender mainstreaming support activities are provided in Annex B 8.8 of the PAR.

1.5.4 Fragility and Resilience: The 2020 Country Resilience Fragility Assessment (CRFA) for Liberia revealed that the level of fragility remained high in Liberia despite improvements made with three successive and successful general and presidential elections and more than a decade of uninterrupted peace and stability. Political, economic, social, and environmental pressures were assessed to be high and interlinked while state and societal capacity to contain these pressures is low. Political fragility was singled out as the main risk and source of fragility due to the underlying factors of acute and chronic poverty, governance weaknesses, land disputes, limited access to justice and conflict resolution channels and the regional security fragility situation. In alleviating and or reducing some of these drivers of fragility, the Liberia Special Agro Industrial Processing Zone (SAPZ) is expected to generate significant socio-economic benefits in terms of youth employment and empowerment of farmer groups and diverse economic opportunities. This will help to address Economic diversification by shifting the economy away from a single income source of extractives toward multiple sources from a growing range of sectors including agriculture. One of the key recommendations of the 2019 Fragility and Resilience Assessment is that Liberia invest in Interventions that link agriculture, food security, infrastructure, fisheries and tourism sectors to benefit most of the marginalized to address drivers of fragility and build resilience in a country that has gone through many challenges to include, 15 years of civil war, EBOLA, fall in export commodity prices and COVID 19 Pandemic. Details on fragility and resilience are provided in Annex B 7.3 of the PAR.

1.6 Implementation Arrangements

1.6.1 The Additional Financing will use existing Implementation Arrangements of the original project approved by the Board in October 2021. The Ministry of Finance and Economic Development will be the Executing Agency for the Project. The National Investment Commission (NIC) of Liberia will be the technical Implementing Agency of the project while the Ministry of Finance and Development Planning (MFDP)'s Public Financial Management Unit (PFMU) will be responsible for managing the fiduciary arrangements of the project. The PIU will be hosted within the Liberia National Investment Commission (LNIC) and will comprise of full complement of essential experts already identified during appraisal. These include (i) Project Coordinator; (ii) Procurement officer; (iii) Project Accountant; (iv) Financial Management Officer; (v) Enterprise Development Officer; (vi) Policy and Economic Adviser; and (vii) Project Assistant already seconded from the Liberia NIC as part of the governments' in-kind contribution to the project. The Gender Expert; M&E Officer; and Environment & Social safeguards Officer have also been recruited for the project. The PIU will report progress of activities on the project on a regular basis to the Joint Inter-Ministerial Committee known as the Special Economic Zone (SEZ) Coordination Team. The JSC will provide strategic direction and oversight guidance for the project, as well as monitor the overall implementation progress of the project and approve key strategic documents including annual workplans, procurement plans and budgets, before submission to the Bank for its no objection. The PIU will also draw on the convening power of the Committee to leverage technical support from the other agencies of Government when necessary.

1.6.2 **Procurement.** The procurement of goods (including non-consultancy services), works and consultancy services, financed by the Bank as part of the project, will be carried out in accordance with the **Procurement Framework for Bank Group-Funded Operations, October 2015 edition** and the provisions set out in the Financing Agreements. The mission has defined the procurements to be carried out according to the Borrower's Procurement System and those to be made following the Bank's procurement methods and procedures. Details concerning procurements financed with ADF resources are provided in Annex B5.

1.6.3 Procurements for this additional financing will be carried out according to the Bank's procurement methods and procedures. Moreover, the Procurement Plan for activities covered by the additional financing was agreed by the Bank and the government (**see Annex IV**). The detail procurement assessment and its conclusions established for the main project is applicable for this additional financing since the assessment observations are still valid and this has informed the decision on the procurement procedures to be adopted for the procurement transactions.

1.6.4 **Financial Management.** The National Investment Commission (NIC) will handle the technical implementation of the Liberia Special Agro Industrial Processing Zone Project through a PIU to be constituted and hosted at the NIC. The Ministry of Finance and Development Planning (MFDP) Public Financial Management Unit (PFMU) will manage the fiduciary arrangements of the project. The PFMU will effectively work with the PIU at the NIC (in charge of the day-to-day implementation and coordination), to ensure that the project is successfully and timely implemented. A project accountant (PA) and an accounts clerk will be assigned by the PFMU Director to be directly in charge of the financial management function of the proposed project. The PA will report to the PFMU Director who shall have overall responsibility for the project fiduciary arrangements. The Director of PFMU is an experienced and seasoned chartered accountant with several years of experience in managing the fiduciary arrangements various donor funded projects in Liberia. The Project Accountant will use the existing Sun Accounting System and chart of accounts to produce quarterly un-audited Interim Financial Reports (IFRs) for submission to the Bank within forty-five (45) days, at the end of every calendar quarter. In harmony with other donor funded projects and GOL accounting standards, the project will adopt International Public Sector Accounting Standards (IPSAS) and the existing FMPM to prepare project financial statements (PFS). All project financial reports must be approved by the by the PFMU Director before submission to the Project Coordinator and the Bank. GOL internal control procedures (as modified and applied by PFMU for donor funded projects) shall be adopted for processing and approving payments under the proposed project. The internal audit function of the PFMU will provide internal checks and carry out periodic reviews on project operations to strengthen the control environment. The Internal Audit reports shall be submitted to the Joint Steering Committee (JSC), established under the SEZ, who will ensure the timely implementation of audit recommendations. The assessment recommends that a project implementation manual will be developed and implemented to guide project implementation and operation. The assessment also recommends that all project staff appointed sign contracts, which will specify their respective functions on the project, to facilitate adequate segregation of duties. The annual project financial statements covering all project activities for each year, shall be subjected to external auditing by the General Auditing Commission (GAC) of Liberia or competitively recruited private independent external audit firm, acceptable to the Bank. The audit terms of reference (TOR) must be agreed with the Bank. The audit reports must be submitted to the Bank within six (6) months after the end of each financial year, being audited. Details of the financial management of the initial project are provided in Annex B4 of the PAR. The detailed financial management assessment and its conclusions established for the main project is applicable for this additional financing since the assessment observations are still valid and this has informed the decision on the financial management procedures in this section to be adopted for the project.

1.6.5 **Disbursements:** The two types of Bank financing (ADF Grant, and ADF Loan) approved for the initial project will be mobilised in accordance with the rules and procedures of the Bank

Disbursement Manual through the three disbursement methods: (i) direct payment (for the procurement of works, goods and services and other relatively high-cost expenditure...); and (ii) reimbursement, where appropriate. The **Direct payment method** will be used for payments against larger contracts signed between project management and contractors/suppliers/ service providers. **In line with the Bank's guidelines, the use of Special Account method will only be authorized upon refund or justification of the unjustified balances of closed Bank financed projects in Liberia.** As and when the Special Account method becomes applicable, a dedicated USD special account will be opened at an acceptable commercial bank to receive advances from the Bank for payment of operating expenses. A project operating account in USD account will also be opened at a bank to receive other income on the project including, bid sales. The disbursement method established for the main project is applicable for this additional financing since the assessment and observations are still valid and this has informed the decision on the disbursement methods in this section to be adopted for the project.

1.6.6 External audit: The annual project financial statements of the project shall be audited by the General Auditing Commission (GAC) of Liberia in line with the PFM Act 2009 and the GAC Act 2014. In instances that the GAC is unable to carry out the audit, GAC will lead the project in the recruitment of a private independent external audit firm (using its outsourcing guidelines) through a competitive process, acceptable to the Bank. The audit shall be conducted using audit terms of reference (TOR) agreed with the Bank. The audit reports (comprising of the audited financial statements with the auditor's opinion and related management letter) must be submitted to the Bank within six (6) months after the end of each financial year being audited. The audit cost shall be paid for from project resources.

1.6.7 Overall Conclusion: The assessment concluded the overall FM risk is rated substantial and to mitigate this further: (i) the NIC will constitute and host a PIU with the full complement of technical experts to implement the technical components of the project; (ii) The PFMU Director will assign a project accountant and an accounts clerk to be in charge of the financial management function of the project; (iii) develop and implement a project implementation manual (PIM) to guide project operation and implementation; (iv) adopt the existing Sun Accounting Software, Financial Management Procedures Manual (FMPM) and chart of accounts for recording & processing of project accounting transactions and financial reporting; (v) recruit key project staff including a project coordinator among others; and (vi) fully implement the FM action plan.

1.7 Status of the Initial Project Approved on 20 October 2021

1.7.1 The Special Economic Zone (SEZ) Coordination Team is in place; key personnel are already available and start-up activities are ongoing. The two financing agreements (ADF grant, and ADF loan) signed on 6th December 2021 by the Minister of Finance and ratified by the National Legislature on 26th May 2022.

1.7.2 In view of the above, since the full implementation of the approved project has not commenced, the presentation of a memorandum to the Board on the additional financing is a better option than starting a new project (in terms of the preparation, appraisal, and implementation-related activities). In addition, the actions on the issues impeding implementation are ongoing. As at the time of preparing the project, the National Legislature ratified the Loan Agreement on May 26, 2022. The Act on the Loan Agreement and the Legal opinion of the Ministry of Justice has been obtained as of June 17, 2022. A memo has been sent on 20th June 2022 by the Sector to PGCL requesting Legal Opinion prior to meeting the conditions precedent to entry into force of the Financing Agreement.

II. RATIONALE AND PURPOSE OF THE SUPPLEMENTARY FINANCING USING ADF RESOURCES (in Loan and Grant)

2.1 Rationale for Additional ADF Financing

2.1.1 The rationale for the supplementary financing follows from the reallocation of unutilized loan and grant resources from the ADF 15 allocation for the Republic of Liberia. The available ADF 15 resources for Liberia as confirmed by FIRM on April 4, 2022, amount to UA 5.14 million (UA 2.17 million in the form of loans and UA 2.97 million in grants). This was allocated accordingly to (i) the SAPZ project (UA 2.17 in ADF loan and UA0.06 in ADF grant); and (ii) the Technical Assistance to the Central Bank of Liberia (CBL) (UA 2.91 in grant).

2.1.2 This financing will also be used to implement additional capacity building activities under component 2 of the project. It will carry out training activities for commodity producers, farmer groups and cooperatives, provide business development support (BDS) and train MSMEs and young entrepreneurs on investments in agri-food companies. These additional trainings will include, among others, ISO 22000 compliant Food Safety Management System and ISO 9001 compliant Quality Management Systems, provide training equipment at the Grand Bassa County College and to pay full-time consultants (including a gender expert, an environmental and social safeguards officer, and a monitoring and evaluation expert (who were initially to be recruited on an ad-hoc basis) to ensure the achievement of the expected results of the project.

2.1.3 That is why this additional ADF financing is fully justified, as it allows for the comprehensive and qualitative capacity building for sustainable increase in agricultural productivity and will help to guarantee access to agro inputs and aggregation of agricultural produce by farmer groups/out growers and small and medium-sized enterprises (SMEs), particularly those involved in the processing of agricultural products and related service delivery. The additional funding will enhance the project's gender results through skills development of women's MSMEs, agribusinesses and cooperatives, encourage women's business formalization and strengthen the project's technical capacity in gender mainstreaming. These are all in line with the project's gender action plan. To this end, the additional financing will significantly enhance the overall performance of the project and the expected outcomes and impact.

2.1.4 Sections 14 and 15 of the Policy on Additional Financing provides for the Eligibility criteria in relation to additional financing. The eligibility criteria for additional financing are the following: (a) a satisfactory assessment that providing additional financing is a better option than starting a new project (in terms of the preparation, appraisal, and implementation-related activities); (b) alignment of the overall project with relevant Bank Group corporate, country, regional, and sector strategies, priorities and policies, and the enabling environment is conducive to its success; (c) consistency of the overall project with the original project's development objectives; (d) satisfactory assessment of the technical feasibility of the overall project; (e) satisfactory assessment of the economic and financial viability of the overall project; (f) satisfactory institutional, fiduciary, environmental & social safeguards arrangements of the overall project; (g) satisfactory mitigation for project-related risks by the overall project; and (h) satisfactory quality at entry assessment (i.e., with regards to readiness for implementation and likelihood to achieve expected outcomes) of the overall project.

2.1.5 It should be noted that according to the Policy on Additional financing, the Bank provides additional financing only if the implementation of the original project is assessed as satisfactory². The additional ADF financing activities proposed herein align with the Bank Group's

² A sovereign project is performing well when it satisfies the following criteria: ➤ performance ratings in the Implementation Progress and Results Report (IPR)¹⁹ prepared within the previous three months match or are better

corporate, country and sector strategies, as stated in the originally approved project. The project's development objectives and components, economic and financial viability, institutional, fiduciary, environmental, and social safeguards arrangements, related risks and quality-at-entry remain the same and consistent with the original project approved in October 2021. This request meets the criteria for Additional financing except for the fact that project implementation has not commenced to enable a satisfactory assessment.

2.2 Purpose of the ADF Funding

2.2.1 This additional financing from the African Development Fund (ADF - 15) is limited to UA 2.23 million and will be used to fund the additional capacity building activities listed below under Component 2 of the project.

- Capacity Building for Commodity Out growers, Farmer Groups, and Cooperatives.
- Business Development Support (BDS) and Training for MSME's and Young Entrepreneurs; and
- Support Development of Quality and Relevant Skills for Agro-Industrialization in two Colleges.

2.2.2 The ADF funding will also finance training equipment in the Grand Bassa County College and pay for full time consultants (namely Gender Expert, Environment and Social Safeguards Officer, and M&E Expert that were to be initially engaged on an *ad hoc* basis) to ensure achievement of the project's expected outcomes.

III MAIN ACTIVITIES TO BE FINANCED USING THE ADDITIONAL ADF FINANCING

3.1 Description of Activities to be Financed Using the Additional ADF Financing

3.1.1 The proposed activities to be financed by the additional ADF financing dovetail smoothly into the components initially defined in the Liberia SAPZ (see the table below, and the highlighted description of the components and logical framework in Annex II– shown in bold). In addition, the limited additional funding (UA2.23million) cannot bring any required infrastructure to completion. The project, with its additional financing, remains technically feasible and achievable within the same time frame as the originally approved project. These additional activities do not need an assessment, since the project is yet to commence, as indicated in section 1.7 above.

Table 1: Additional Project Activities using the Additional Financing

Component/Sub-Component (same as original project)	Cost (UA M)	Summary Description
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than “Satisfactory” for both Development Objective (DO) and Implementation Progress (IP); ➤ the outputs/outcomes and results recorded in the most recent IPR for the project demonstrate that its impact so far has been consistent with the expectations set out in the Project Appraisal Report; ➤ there is substantial compliance with key loan or grant agreement covenants, including audit and financial management as well as environmental and social safeguards reporting and compliance audits requirements. If the project faces fiduciary, safeguard, or other issues that are reflected in the IPR, these issues should be resolved, or an implementable action plan developed, before appraising the AF and; ➤ for projects that have experienced implementation problems in the past, these must have been addressed and the project must have been performing well for at least 6 months prior to the submission of the request for AF.

<u>Component 2:</u> Capacity Building, climate smart agricultural value chain, skills development and farmer coordination	1.53	<u>Sub-components</u> (i) Capacity building for Commodity Out growers, Farmer Groups, and cooperatives (established Commodity based Out growers) (ii) Business Development Support (BDS) and Training for MSME's & Young Entrepreneurs (provide training equipment in the Grand Bassa County College) (iii) Support Development of quality and relevant skills for agro-industrialization in one College
<u>Component 3:</u> Project Coordination & Management	0.70	The establishment of the Project Executing Agency, within the Liberia National Investment Commission (LNIC) for the Management and Coordination of the Project. (i) Salaries of 3 full-time consultants (namely Gender Expert, Environment and Social Safeguards Officer, and M&E Expert)
TOTAL ADF Additional Financing	2.23	

3.2 Expected Outputs/Outcomes

3.2.1 The additional ADF financing will specifically help to achieve the following under Output indicator 2 (Improved job creation and skills for climate-smart agro-industrialization and includes (i) Number of MSME's supported/strengthened (disaggregated – 50% women, 60% youth); (ii) Number of youth entrepreneurship innovations incubated/supported to grow in agribusiness value chains; and (iii) Number of students trained in climate-smart agro-industry related skills (disaggregated – 50% women, 60% youth). For each of these indicators, there will be no change in the target number of people trained, but an increase in the type and quality of training.

3.3 Compliance of Additional Activities with Environmental and Social Provisions

3.3.1 **Environmental safeguards.** In accordance with the requirements of the AfDB Integrated Safeguard System (ISS), the project (including ADF-funded activities) has been classified as Category 2. **The additional activities that will be financed with the supplementary funding are related to capacity building under Component 2 of the project and will not require an ESIA.** Funds have been set aside under this additional financing to pay for a full-time E&S staff in the PIU.

3.3.2 **Social Safeguards.** The additional benefits of the new ADF funding relate to: (i) the development of intensive agricultural activities; (ii) the creation of direct and indirect jobs, especially for women and youth; (iii) increase in agribusiness activities; and (iv) capacity-building and other activities for farmers and entrepreneurs.

3.3.3 **Sustainability.** The proposed project is part of the Government's plans for a roll out of the development of a SEZ in Buchanan. There is, therefore, national ownership of the activities of the project from the onset. The selected components of the project are demand-driven, in that the elements were selected via a participatory approach through which the critical gaps/needs at the national level were identified and prioritized during the project preparation and appraisal processes.

3.3.4 To guide the framework for developing the SEZ, the government promulgated the SEZ Law in 2017 and has opted to set up the Special Economic Zone Authority as an autonomous institution and custodian of the SEZ/SAPZ, and its constituent infrastructures, such as the

Agricultural Transformation Centres, as well as its management and operations. The proposed project includes Technical Assistance to support the setting up of the SEZA, provision of external infrastructure to secure and prepare the Buchanan SEZ for private sector investments and robust capacity building for farmer groups, women, and youth enterprises. The World Bank in Liberia is considering financing a long-term contract for staff of the SEZA to underwrite the salary burden on behalf of the Government in the initial development phase, pending the SEZA's full operation. The project will also establish synergy with the existing Bank-funded Support to Investment Promotion Agencies in Transition Countries Pilot Project in Liberia.

3.3.5 The GoL understands that it urgently needs to activate a robust private sector to ramp up investments in the country and provide much-needed sustainable employment to its large youth population. The commissioning of the 40MW power substation under the CLSG – WAPP project is a positive step in the right direction. This power station, located about 6 kilometers from the Agri Hub, will be the source of power for the park. Moreover, the government is presently considering reducing the electricity tariff to between USD 0.25 to USD 0.27kW/h. to help attract private sector investments to the park. In addition, actions are being taken by the Government to harmonize TVET certification and curriculum development and standardize the qualification framework in the country. This is expected to address some identified gaps in skills development. Within this effort, the Bank will closely monitor the ongoing activities of the Liberia TVET Commission working on the unified certification at the national level.

3.3.6 The GoL's deliberate effort of providing an enabling environment through the basic infrastructure in and around SEZ/SAPZ as an enabler for private sector investments is a good indicator that there is political will to develop the agro-processing sector. The presence of the private sector will improve the lives of the people around the parks, create diversified employment and contribute to further sustainable economic development.

3.3.7 **Potential Risks and Mitigation Measures.** The potential risks are the same as those identified in the initial project (see paragraph 4.5 of the PAR; p. 26). The mitigation measures proposed in the initial PAR remain valid for this additional ADF financing (see revised logical framework in Annex II).

IV COST OF THE ADDITIONAL FINANCING AND REVISED FINANCING PLAN

4.1 Breakdown of the Cost of the Additional ADF Financing

4.1.1 The estimated cost, exclusive of taxes and customs duties, of the additional financing provided by the African Development Fund (ADF - 15) stands at UA 2.23 million in total, of which UA 0.95 million will be in foreign exchange (42.4% of the cost) and UA 1.28 million in local currency (57.6% of the cost). These costs were established based on the unit prices of similar contracts recently executed, and further guided by the Feasibility Study. The economic and financial viability of the project with the additional financing remain viable and consistent with the original project.

4.1.2 Breakdown by category of expenditure of the additional ADF financing. The breakdown of the additional ADF financing of UA 2.17 million and ADF grant of UA 0.06 million, exclusive of taxes and customs, by expenditure category is presented in the table below.

Table 2: Expenditure by category with the additional financing (UA million)

Expenditure Category	Local	Foreign	Total
A. SERVICES			
Training	0.40	0.60	1.00
B. GOODS			
Equipment	0.18	0.35	0.53
C. PERSONNEL	0.38	0.00	0.38
D. ALLOWANCES	0.32	0.00	0.32
Total Costs	1.28	0.95	2.23

4.2 Revised Cumulative Financing Plan of the Liberia SAPZ (including ADF funding)

4.2.1 Financing Mechanism: The project financing comprises: (i) the initial financing for the Liberia SAPZ Project namely, an ADF loan of UA 7.84 million (57.9%) and ADF grant of UA 2.27 million (16.8%), respectively, and the in-kind contribution of UA 1.20 million (8.9%) from the Government of Liberia; and (ii) the additional ADF financing, which is the subject of this Note to the Board, to the tune of UA 2.23 million consisting of an ADF loan of UA 2.17 million (16.0%) and an ADF grant of UA 0.06 million (0.4%). The breakdown of the revised cumulative costs (including additional ADF funding), by source of funding, is provided in table 3.

Table 3: Summary of project cost by source of financing (including the ADF funding)

FINANCING SOURCES	(US\$ Million)			(UA Million)			%
	Local	Foreign	Total	Local	Foreign	Total	
ADF Loan	3.54	7.72	11.26	2.47	5.37	7.84	57.9
ADF Grant	1.74	1.52	3.26	1.21	1.06	2.27	16.8
ADF Loan (NEW)	1.76	1.36	3.12	1.23	0.94	2.17	16.0
ADF Grant (NEW)	0.09	-	0.09	0.06	-	0.06	0.4
Subtotal	1.85	1.36	3.20	1.29	0.94	2.23	16.40
Government of Liberia	1.72	-	1.72	1.20	-	1.20	8.9
Total	8.85	10.59	19.45	6.16	7.38	13.54	100.0

4.2.2 The breakdown of the revised cumulative costs (including the ADF funding) by component and sub-component is provided in table 4.

Table 4: Summary of revised project costs by component (including the ADF funding)

COMPONENTS	(US\$ Million)			(UA Million)			%	%
	Local	Foreign	Total	Local	Foreign	Total	F.E	B.C

1. STRENGTHEN INSTITUTIONAL CAPACITY AND CLIMATE RESILIENT INFRASTRUCTURE FOR AGRO-INDUSTRIALIZATION	3.07	6.30	9.37	2.14	4.39	6.53	67	54
2. ENABLE SKILLS AND CLIMATE SMART AGRICULTURAL VALUE CHAIN DEVELOPMENT AND STRENGTHEN FARMER COORDINATION	1.59	2.70	4.30	1.11	1.88	2.99	63	25
3. PROJECT COORDINATION AND MANAGEMENT	3.42	0.16	3.58	2.38	0.11	2.49	4	21
Total BASELINE COSTS	8.08	9.16	17.24	5.63	6.38	12.01	53	100
Physical Contingencies	0.55	1.07	1.62	0.39	0.74	1.13	66	9
Price Contingencies	0.22	0.36	0.58	0.15	0.25	0.40	63	3
Total PROJECT COSTS	8.85	10.59	19.45	6.16	7.38	13.54	54	113

4.2.3 The breakdown of the revised cumulative project costs (including ADF funding) by category of expenditure is as shown in Table 5 .

Table 5: Summary of revised project costs by expenditure category (including ADF funding)

EXPENDITURES CATEGORIES	(USD Million)			(UA Million)			% F.E	% B.C
	Local	Foreign	Total	Local	Foreign	Total		
I. Investment Costs								
A. CIVIL WORKS								
Constructions and Rehabilitations	2.79	6.51	9.30	1.94	4.53	6.48	70	54
Subtotal	2.79	6.51	9.30	1.94	4.53	6.48	70	54
B. SERVICES								
Training	0.83	1.25	2.08	0.58	0.87	1.45	60	12
Technical Assistance	0.35	0.52	0.87	0.24	0.36	0.61	60	5
Studies	0.24	0.16	0.40	0.17	0.11	0.28	40	2
Contractual Services	0.30	0.10	0.40	0.21	0.07	0.28	25	2
Audit	0.03	0.03	0.05	0.02	0.02	0.03	50	-
Subtotal	1.75	2.06	3.80	1.22	1.43	2.65	54	22
C. GOODS								
Equipment	0.32	0.60	0.92	0.22	0.42	0.64	65	5
Subtotal	0.32	0.60	0.92	0.22	0.42	0.64	65	5
Total Investment Costs	4.86	9.16	14.02	3.38	6.38	9.76	65	81
II. Recurrent Costs								
A. PERSONNEL	1.56	-	1.56	1.09	-	1.09	-	9
B. GENERAL OPERATING COST	1.20	-	1.20	0.84	-	0.84	-	7
C. ALLOWANCES	0.47	-	0.47	0.32	-	0.32	-	3
Total Recurrent Costs	3.23	-	3.23	2.25	-	2.25	-	19
Total BASELINE COSTS	8.08	9.16	17.24	5.63	6.38	12.01	53	100
Physical Contingencies	0.55	1.07	1.62	0.39	0.74	1.13	66	9
Price Contingencies	0.22	0.36	0.58	0.15	0.25	0.40	63	3
Total PROJECT COSTS	8.85	10.59	19.45	6.16	7.38	13.54	54	113

V LEGAL FRAMEWORK OF THE ADF ADDITIONAL FINANCING

5.1 Legal Instrument

5.1. The legal instrument for the proposed project is the Additional Loan Agreement for an amount of UA 2.17 million in ADF Loan and Protocol of Agreement for an additional amount of

UA 0.06 million in ADF Grant respectively to be signed between the African Development Fund and the Republic of Liberia.

5.2. Conditions associated with Bank's intervention

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

A. Conditions precedent to entry into force of the Financing Agreement

The Protocol of Agreement shall enter into force on the signature of the Agreement, while the entry into force of the Loan Agreement shall be subject to the fulfilment by the Borrower of the provisions of Section 12.01 of the General Conditions Applicable to Loan and Guarantee Agreements of the Fund.

B. Conditions precedent to first disbursement

In addition to the provisions of Entry into Force of the Financing Agreements, the obligation of the Fund to make the first disbursement of the Grant and the Loan shall be subject to the satisfaction of the following conditions by the Recipient/ Borrower:

- (a) Submission of evidence of the designation of staff for the Project Implementation Unit (the "PIU") with qualifications and terms of reference acceptable to the Fund and the staff will include the following:
 - (i) Project Coordinator; (ii) Procurement officer; (iii) Project Accountant; (iv) Financial Management Officer; (v) M&E Officer; (vi) Enterprise Development Officer; (vii) Policy and Economic Adviser; (viii) Project Assistant; (ix) Gender Expert; and (x) Environment and Social Safeguards Officer.

Other Conditions:

The Recipient/ Borrower and the Implementing Agency undertake to:

- (a) develop and implement a project implementation manual (PIM) to guide project operation and implementation within six months after entry into force of the financing agreements; and
- (b) adopt the existing Sun Accounting Software, Financial Management Procedures Manual (FMPM) and chart of accounts for recording and processing of project accounting transactions and financial reporting within six months after entry into force of the financing agreements.

5.3 Compliance with Bank Policies

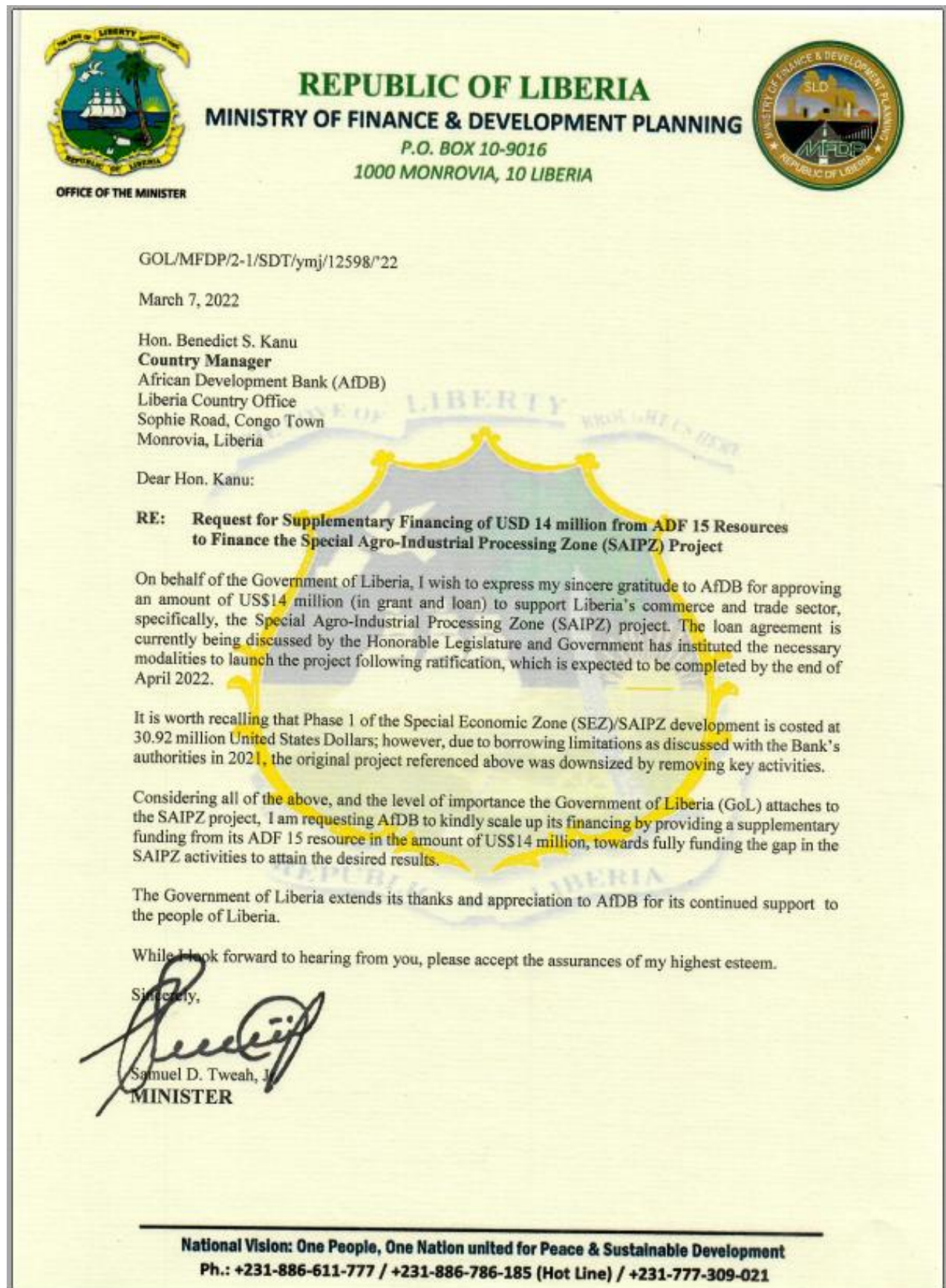
This project complies with all applicable Bank policies.

VI RECOMMENDATION

Management recommends that the Board of Directors of the Bank approves: **(i) the loan of additional funding from the African Development Fund (ADF - 15) amounting to UA 2.17 million in ADF Loan and UA 0.06 million in ADF Grant** to the Republic of Liberia to enhance implementation success for the overall Liberia Special Agro Industrial Processing Zone Project (Liberia SAPZ).

ANNEXES

Annexe I Letter from the Hon. Minister of Finance of Liberia, dated 7 March 2022, requesting Additional financing of USD14 Million for the Liberia SAPZ



Annex II Detailed Description of the Revised Project (including the Additional ADF funded components)

2.1. Project Components

The government of Liberia requested Bank support to finance a Special Agro Industrial Processing Zone in 2018. This follows from the conclusion and presentation of the Bank-sponsored Feasibility Study and Master Plan for the Liberia SAPZ to government and stakeholders in February 2021. The SAPZ is located within the Buchanan Special Economic Zone. Buchanan is located on the coast about 110 kilometers south of Monrovia. In addition, three Agricultural Transformation Centers (ATC's) will be in Nimba, Bong and Grand Cape Mount Counties where there are already AfDB agricultural activities and activities by other partners such as the World Bank, USAID, IFAD and the European Union. These counties are also considered the food basket of the country. The commodities of focus for the project include *inter alia*, rice, cassava, oil palm, fruits, vegetables, cocoa, coffee, rubber and aquaculture. The project will also improve skills, build, and coordinate farm level value chains, and support improvement in the business environment. The government has agreed to proceed with the development of the first phase of the SEZ with funding currently provided by the Africa Development Bank. The proposed project primarily intends to complement the efforts of government, provide the necessary infrastructure to attract private sector investments, and help GoL attract support from other development partners and private investors.

The Project development goal is to contribute to inclusive and sustainable agro-industrial development in Liberia, and in the process, reduce staple food imports, create jobs, and reduce poverty. The project development objectives are to i) create a better business environment for increased investment in the agro industrial sector, ii) create opportunities for private sector investments at the industrial level and coordinate the integration of small holder farms, and agro processing industries into sustained agro value chains and, and iii) improve capacities and skills to benefit from new agribusiness employment and value chain opportunities. The project is structured around three related components: a) Strengthen Institutional Capacity and Enabling Climate-resilient Infrastructure for Agro Industrial Development, b) Enable climate-smart agricultural value chain and skills development and strengthen farmer coordination, and c) Project Coordination and Management.

In line with the Theory of Change, outlining the causal linkages of the project over the short, intermediate, and long-term outcomes (see Page XVI, Appendix IV, in the original project document). the project will finance technical assistance for the establishment of Liberia SEZA, enabling infrastructure for agro industrialization, and capacity building and business development services for farmers/outgrowers, MSMEs and TVET institutions. With this support, the Liberia Special Economic Zone Authority will be established, while the infrastructure will secure the Agri hub and build private sector confidence for increased agro industrial investments. The additional funds from the ADF will be used to undertake additional capacity building activities under Component 2 of the project. In line with the demand for agro related enterprises, the project will facilitate training activities for commodity out growers, farmer groups, and cooperatives, provide Business Development Support (BDS) and training for MSME's and young entrepreneurs to invest in agro related enterprises. **These additional training will include among others food safety management system in line with ISO 22000 and Quality Management Systems in line with ISO 9001. The ADF funding will also provide training equipment in the Grand Bassa County College and pay for full time consultants (namely Gender Expert, Environment and Social Safeguards Officer, and M&E Expert that were to be initially engaged on an *ad hoc* basis) to ensure the achievement of the project's expected outcomes.** It is assumed that the GoL will meet its obligation of staff and emoluments for the LSEZA.

#	COMPONENT NAME	ESTIMATED COST (Million UA)	COMPONENTS DESCRIPTION
1	Strengthen Institutional Capacity and Enabling climate resilient infrastructure for Agro Industrialization.	7.60 (55.10%)	<u>Sub-components</u> a) Support the establishment/operationalization of Liberia SEZA including: b) TA to support SEZA with Policy Studies & Reforms, Regulatory standards, IT Based Business Registration Processes & Tenant Licensing systems, Standard Operating Procedures, Scheme of Incentives, Single Window Trade facility, One Stop Shop facility, Model MOUs, etc c) EOI to support SEZA with Park Developer/Manager d) Launch of SAPZ/SEZA Park, Market Sounding, branding, and Investment Promotion events e) Supporting the provision of enabling (external) infrastructure for agro industrialization, f) Construction of external (approach) road g) Provision of Link to power/renewable energy source h) Site Grading, & filling i) Construction of Perimeter fencing (AH)
2	Capacity Building climate smart agricultural value chain and skills development and farmer coordination	3.41 (25.21%)	Capacity building and Skills development to enhance agricultural productivity and competitiveness. <u>Sub-components</u> a) Value Chain/Market studies (Competitiveness assessment) of selected agricultural commodities b) Capacity building for Commodity Outgrowers, Farmer Groups, and cooperatives c) Business Development Support (BDS) and Training for MSME's & Young Entrepreneurs d) Gender responsive Assessment and Development of quality and relevant skills for agro industrialization. e) Assessment of Sites and Construction of Agricultural (Rural) Transformation Center (1 nos) and Aggregation Center (1 nos)
3	Project Coordination & Management	2.53 (18.68 %)	The establishment of the Project Executive Agency, within the Liberia National Investment Commission (LNIC) for the Management and Coordination of the Project. i. Establish baseline data (survey)

ANNEX III/ Revised Results-based Logical Framework of Liberia SAPZ (including the ADF Additional funding components in red ink)

RESULTS FRAMEWORK						
A	PROJECT INFORMATION					
PROJECT NAME AND SAP CODE: Liberia Special Agro Industrial Processing Zone Project (P-LR-AA0-009)			COUNTRY/REGION : Liberia /West			
PROJECT DEVELOPMENT OBJECTIVE: Improvement of agricultural productivity and agro-industrial development to reduce dependence on food importation in Liberia						
ALIGNMENT INDICATOR (S): Africa’s share of market value for key processed commodities (%) Youth unemployment rate (%), Enrolment in technical/vocational training (%)						
B	RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION		RMF/ADOA INDICATOR	UNIT OF MEASUREMENT	BASELINE (2021)	TARGET AT COMPLETION (2027)	MEANS OF VERIFICATION
OUTCOME STATEMENT 1: Business environment for agro-industrial development enhanced						
1.1. Number of new businesses registered		√	Number	0	50	Project progress implementation documents
OUTCOME STATEMENT 2: Increase in private sector investment and Job creation						
2.1. Total value of new investments (US\$ million)		√	Value of new Investment US\$	0	150million	Project progress implementation documents
2.2. Total number of jobs created (disaggregated by age group and gender)		√	Number	0	156,000 (50% women) (60% Youth)	
OUTCOME STATEMENT 3: Improved capacities and skills for agro-industrialization						
3.1 Number of cooperatives/farmer-based organizations linked to the SAPZ/RTCs (disaggregated by 60% Youth led, 50% Woman led)		□	Number of cooperatives/organisations	0	50 (60% Youth led, 50% Woman led)	Project progress implementation documents
3.2. Number of students trained from the TVET institutions who either become employed or self-employed in agro value chains or in agro industries-disaggregated by gender		□	Number	0	4000 (50% women)	
OUTPUT INDICATOR 1.1: Institutional Framework and Capacity (Regulation & Management) Strengthened (SEZA)						
1.1.1 Number of IT Based BDS systems (Registration Processes Tenant Licensing systems, Single Window trade facilitation, OSS, etc) supported		□	Number	0	5	Project progress implementation documents
1.1.2 Number of Regulatory systems and procedures supported		□	Number	0	5	
1.1.3. Number of market sounding/Branding/ investment promotion events hosted		□	Number	0	5	
OUTPUT INDICATOR 1.2: External connectivity infrastructure to the Agri hub developed						
1.2.1. Perimeter fencing (& gates) (m)		□	meters	0	9265	Project progress implementation documents
1.2.2. Kms of external (approach) climate-resilient road constructed		□	Km	0	5	
1.2.3. Link SEZ/SAPZ (Park) to power/energy source (Km)		□	Km	0	6	
OUTPUT INDICATOR 2.1: Resilient Rural Transformation Centers (RTCs) and Aggregation Centers (ACs) operationalized						
2.1.1 Number of RTCs constructed and equipped		□	Number	0	1	

2.1.2 Number of climate-resilient Aggregation Centers constructed and equipped	<input type="checkbox"/>	Number	0	1	Project progress implementation documents
OUTPUT INDICATOR 2.2 Improved job creation and skills for climate-smart agro-industrialization					
2.2.1 Number of farmers cooperatives, associations, out growers documented in IT based Platform	<input type="checkbox"/>	Number	0	30	Project progress implementation documents & targeted surveys to employers
2.2.2 Number of MSME's supported/strengthened (disaggregated – 50% women, 60% youth)*	<input type="checkbox"/>	Number	0	50	
2.2.3 Number of youth entrepreneurship innovations incubated/supported to grow in agribusiness value chains*	<input type="checkbox"/>	Number	0	40	
2.2.4 Number of students trained in climate-smart agro-industry related skills (disaggregated – 50% women, 60% youth)*	<input type="checkbox"/>	Number	0	1000	
OUTPUT INDICATOR 3.1 PIU staffed and equipped					
3.1.1 Disbursement rate on Bank's managed resources (%)	<input type="checkbox"/>	Percentage of Resources disbursed	0	100	SAP, and Project progress implementation documents
3.1.2 Number of implementation Progress reports prepared	<input type="checkbox"/>	Implementation Progress reports	0	20	
3.1.3 Number of audit reports prepared and validated	<input type="checkbox"/>	Audit reports prepared	0	5	

*There is no change in target number of people trained but an increase in the type, number, and quality of training.

Annex IV/ M&E arrangements

A. Alignment indicators			
Indicator name	Definition/ description	Source	Baseline and targets (where possible)
Increased share of market value for key processed commodities (%)	Value of agro processed commodities divided by total agro commodities x 100	National Statistics/LNIC	Baseline (2022): 17% Target (2026): 25%
Youth unemployment rate (%),	# of Youth (15 – 35) unemployed divided by total # of youth x 100	National Statistics/LNIC	Baseline (2022): 2.41 Target (2026):1.90
Enrolment in technical/vocational training (#)	Total # of Students enrolled in TVET institutions	National Statistics/LNIC	Baseline (2022): 12000 Target (2026):14000

B. Outcome and output indicators (<i>performance indicators</i>)									
Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning				
					2022	2023	2024	2025	2026
1.1 Number of new business registered	Measure of Number of new business	Project Progress reports and implementation documents	LNIC	Annual	0	5	15	25	50
OUTCOME INDICATOR 2.1. Total value of new investments (US\$ million)	Measure of Value of new investment	Project Progress reports and implementation documents	LNIC	Annual	0	10	50	100	150
OUTCOME INDICATOR 2.2. Total number of jobs created (disaggregated by age group and gender)	Measure of direct and indirect jobs created by age group and gender	Project Progress reports and implementation documents	LNIC	Annual	0	10000	50000	100000	156,000
OUTCOME INDICATOR 3.1 Number of cooperatives/farmer based organizations linked to the SAPZ/RTCs (disaggregated by 60% Youth led, 50% Woman led)	Measure of aggregation by gender/ youth le	Project Progress reports and implementation documents	LNIC	Annual	0	5	10	20	30
OUTCOME INDICATOR 3.2. Number of students trained from the TVET institutions who either become employed or self-employed in agro value chains or in agro industries-disaggregated by gender	Measure of agripreneurs capacity building by gender	Project Progress reports and implementation documents	LNIC	Annual	0	500	500	500	500
OUTCOME INDICATOR 3.3 Value of agricultural products supplied by farmers/outgrowers (groups/cooperatives) to agro processors (USD)	Measure of value chain development / agri products supplied	Project Progress reports and implementation documents	LNIC	Annual	0	100000	50000	100000	200000

B. Outcome and output indicators (<i>performance indicators</i>)									
Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning				
					2022	2023	2024	2025	2026

1.1.1. Perimeter fencing (& gates) (m)	Measure of infrastructure installed	Project Progress reports and implementation documents	LNIC	Annual	0	0	0	9265	-
1.1.2. Kms of external (approach) climate-resilient road constructed	Km of road infrastructure	Project Progress reports and implementation documents	LNIC	Annual	0	0	5	0	-
1.1.3. Link SEZ/SAPZ (Park) to power source (Km)	Km of Power line	Project Progress reports and implementation documents	LNIC	Annual	0	0	6	0	
2.1.1 Number of ATCs constructed and equipped	Measure of ATCs	Project Progress reports and implementation documents	LNIC	Annual	0	0	0	1	-
2.1.2 Number of farmers cooperatives, outgrowers documented on the IT based Platform	Number of Farmer cooperative groups/Outgrowers registered on the IT platform	Project Progress reports and implementation documents	LNIC	Annual	0	5	10	20	30
2.1.3 Number of climate-resilient Aggregation Centers constructed and equipped	Measure of Aggregation Centers	Project Progress reports and implementation documents	LNIC	Annual	0	0	0	1	-
2.2.1 Number of MSME's supported /strengthened (disaggregated – 50% women, 60% youth)	Number of MSMEs (disaggregated by size)	Project Progress reports and implementation documents	LNIC	Annual	0	5	10	10	5
2.2.4 Number of students trained in climate-smart agro-industry related skills (disaggregated – 50% women, 60% youth)	Number of Students	Project Progress reports and implementation documents	LNIC	Annual	0	250	250	250	250
2.2.5 Number of TVET institutions/community colleges supported	Measure of Institutions supported with teaching aid equipment for processing	Project Progress reports and implementation documents	LNIC	Annual	0	2	-	-	-

B. Outcome and output indicators (*performance indicators*)

Indicator name	Definition/ description	Methodology for collection	Responsibility for collection	Frequency of reporting	Results planning			2025	2026
					2022	2023	2024		
3.1.1 Number of Instructional processes developed for the SEZA (Includes Delegation of Authority Matrix, Staff Terms of Reference Structure of Salaries/emoluments, etc)	Measure of institutional processes developed for the SEZA	Project Progress reports and implementation documents	LNIC	Annual	2	2	2	0	0
3.1.2. Number of Policy Studies and Reforms/scheme of incentives supported	New Policy Documents/Scheme of fiscal & non fiscal Incentives/	Project Progress and implementation documents	LNIC	Annual	1	3	1	-	-
3.1.3 Number of IT Based BDS systems (Registration	Measure of BDS Systems	Project Progress and reports	LNIC	Annual	1	2	2	-	-

Processes Tenant Licensing systems, Single Window trade facilitation, One Stop Shops, etc) supported		implementation documents							
3.1.4 Number of Regulatory (legal) systems and procedures supported	Measure of Regulatory Systems documented with TA	Project Progress reports and implementation documents	LNIC	Annual	1	2	2	-	-
3.1.5. Number of Standard Operating Procedures (SOP) supported	Measure of SOP established with TA	Project Progress reports and implementation documents	LNIC	Annual	2	2	1	-	-
3.1.6. Number of market sounding/Branding/investment promotion events hosted	Measure of IP events	Project Progress reports and implementation documents	LNIC	Annual	1	1	1	1	1
3.2.1 Monitoring framework established and functional for the project	Measure of monitoring framework	Project Progress reports and implementation documents	LNIC	Annual	1	-	-	-	-
3.2.2 Disbursement rate on Bank's managed resources (%)	Measure of funds disbursed	Project Progress reports and implementation documents	LNIC	Annual	20	40	60	80	100
3.2.3 Number of implementation Progress reports prepared	Measure of implementation progress	Project Progress reports and implementation documents	LNIC	Annual	4	4	4	4	4
3.2.4 Number of audit reports prepared and validated	Measure of audits performed	Project Progress reports and implementation documents	LNIC	Annual	1	1	1	1	1

Annex V/ RISK MANAGEMENT

Risk Analysis Matrix				
Risk Category	RISK DESCRIPTION	RATING	MITIGATION MEASURE	RISK OWNER
Country's Political and Governance Context	Loss of interest in the project due to a change in Government. The head of state in Liberia is elected to a six-year term and the project timeline exceeds 2023 when the next election is expected	Low	The project is clearly a high priority for all political parties in the Country. The Government has been consistent and focused with its goal to attract private sector investments into the country from the past President with the passing of the SEZ Act in 2017 and the current government has been consistent with the development of the SEZA in line with the Act. The Bank will continue to dialogue with the government despite the anticipated change in government leadership.	LNIC
Sector Strategies and Policies	The Government changes policy focus that will make the SEZ/SAPZ to function at sub optimal level	Moderate	To mitigate this risk, the Project will undertake a market sounding and branding exercise with the private sector very early at project implementation and investment promotion events subsequently. The GoL proposes to put in place an autonomous Special Economic Zone Authority that will provide generous incentive packages to attract investors exclusively to the Park. The project will help to further strengthen the capacities of relevant agencies especially on investment promotion. The Bank and other donors will continue to dialogue with the Government on continued reforms to improve business climate.	LNIC
Fiduciary and Value for Money	Risk associated with overall FM capacity in Liberia	Substantial	The fiduciary arrangements of the project will be handled by the PFMU and the technical implementation be handled by LNIC. The PFMU is adequately staffed with a pool of professional accountants, equipped with Sun Accounting system and functional internal audit function. The PFMU is headed by an experienced Director who is a chartered accountant with several years of experience in managing the fiduciary arrangements of donor funded projects. A PA will be assigned to the project and directly supervised by the PFMU Director for quality assurance. The project will be managed an experienced and skilled Project Coordinator who will report to the JSC, who will be in charge of providing strategic direction and oversight guidance to the project.	LNIC/AfDB
Capacity of Implementing Entity	Implementation coordination risks	Low	The LNIC has a performance track record in the implementation of previous Bank-financed projects and projects financed by other development partners. However, there will be close monitoring and supervision of PIU by the Bank.	LNIC/AfDB
Other	Lack of interest of agro companies in internship programmes	Low	The project will actively support private sector mobilisation for skills development; and the signing of MoUs with regional TVET Bureaus to operationalize internship, dual training and marketing of the new agro-processing training curriculum	LNIC

Annex VI/ Provisional Revised Project Implementation Schedule

Year	2021				2022				2023				2024				2025				2026		
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3
Initial Activities																							
Signature of loan agreement and Disbursement effectiveness																							
Finalise the setting up Project coordination Office at NIC																							
Project Launch																							
Component 1: Strengthen Institutional capacity and Support the development of climate resilient enabling Infrastructure to attract investments into agricultural value addition.																							
Technical Assistance to support establishment/operationalization of SEZA (Policy Studies & Reforms, Regulatory standards, IT Based Business Registration Processes & Tenant Licensing systems, SOP procedures, Scheme of Incentives, Single Window trade facilitation, One Stop Shop and Model MOUs, etc)																							
Launch of SAPZ/SEZA Park, Market sounding and investment promotion events																							
EOI to support SEZA with Park Developer/Manager																							
Construction of SAPZ/SEZA Link Road, Perimeter Fencing , Site Grading																							
Construction of SAPZ/SEZA Power line link to Power Station																							
Component 2: Enable skills and climate-smart agricultural value chain development and strengthen farmer coordination																							
Value Chain/Market studies (Competitiveness assessment) of selected agricultural commodities																							
Mapping of farmer groups in key value chains and value chain development (IT Platform for Outgrowers/SMEs)																							
Capacity building along the value chains in key SAPZ commodities for farmer groups																							
Assess & mainstream relevant curriculum in training institutions & Provide Middle/Higher-level industrial skills training for agro industry																							
Training & Capacity building for MSME's																							
Assessment and selection of Site for ATCs and AC																							
Construction of Rural Transformation Centers & Aggregation Centers																							
Component 3: Project Coordination & Management																							
Establishment of the baseline situation																							
Project Management, M&E and communication activities (quarterly reports/disbursement/etc.)																							
Coordinate Financial Management and Annual financial auditing																							
Procurement of Goods																							
Environmental monitoring																							
Mid Term Review																							
Project Final Audit																							
Project Completion report (PCR)																							

Annex VII/ Procedures for Procurement Using ADF Resources

The activities of the Liberia SAPZ Project to be financed by the Additional ADF resources will be implemented in the same environment as the initial project and by the same entities in charge of activities financed from the ADF loan and the ADF grant. Thus, the evaluations, risks identified, and action plans proposed under the project for activities financed from the resources of the ADF loan and ADF grant shall be applicable to the additional ADF resources of the project.

1. Bank Procurement Methods and Procedures (BPM)

Eligibility

The eligibility rules applicable to ADF-financed procurements will be those described in paragraph 5 of the Bank's Procurement Policy Document.

Methods and Procedures

The following contracts will be awarded using the Bank's procurement methods procedures, in accordance with the *"Procurement Policy and Methodology for Bank Group-Financed Operations"*, dated October 2015, and the provisions set forth in the Financing Agreement, using the appropriate standard solicitation documents (SSDs) of the Bank.

Goods

- ✓ They comprise contract related to various equipment for training and other capacity activities estimated in aggregate to cost UA0.53 million that will be procured through Open Competitive Bidding (OCB) as described in paragraphs 8.5 (a) and (c) of the Bank's Procurement Policy Document.

Consulting Services

- ✓ They comprise Training and Capacity building services for farmers and outgrowers estimated to cost UA1.00 million that will be procured following a selection of consulting firms using the Quality- and Cost-Based Selection (QCBS) methodology, and Environmental & Safeguards, Monitoring & Evaluation as well as Gender Expertise Services estimated in aggregate to cost UA0.70 million that will be procured using Individual Consultancy Selection (ICS) method as defined by Bank's Procurement Policy Framework Document.

The summary table of procurement procedures for ADF-funded components of the project is as follows:

Table 1: Summary of procurement procedures

Expenditure Category	UA Million							
	Bank's Procurement Methods and procedures							
	OCB		Shortlisting		Others		Total	
1. GOODS								
1.1. Equipment for Training and Capacity	0.53	[0.53]					0.53	[0.53]
Total Goods							0.53	[0.53]
2. CONSULTANCY SERVICES								
2.1. Training and Capacity Building across Farmer Groups/Outgrowers			1.00	[1.00]			1.00	[1.00]
2.2 Environmental & Social Safeguards, Monitoring & Evaluation and Gender Experts Services			0.70	[0.70]			0.70	[0.70]
Total Consulting Services							1.70	[1.70]
TOTAL	0.53	[0.53]	1.70	[1.70]			2.23	[2.23]

B/ Documents Subject to Prior Review

The following documents shall be subject to the Bank's Prior review and approval:

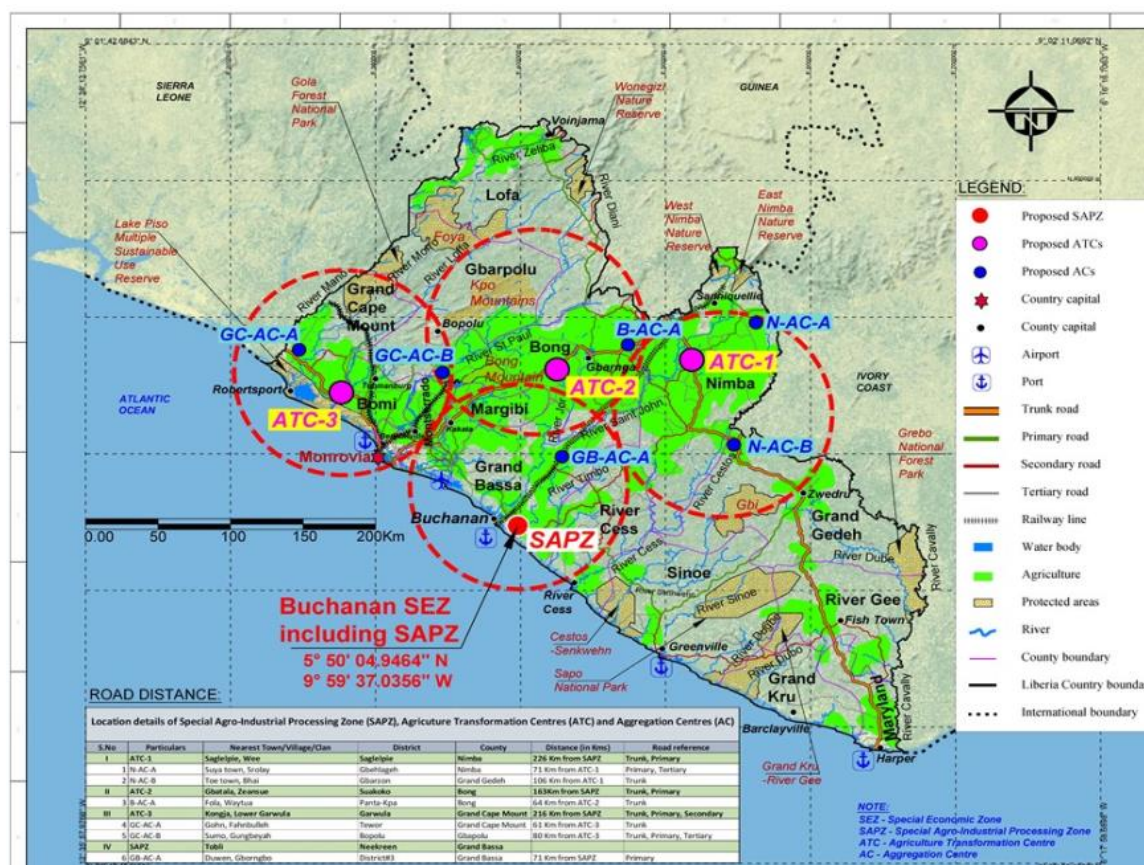
○ General procurement notice; ○ Specific bidding notice; ○ Expressions of Interest notice and shortlists; ○ Competitive bidding document or Requests for proposals to consultants; ○ Evaluation report of bids from contractors/suppliers with recommendations relating to contract award or evaluation report of technical proposals from consultants; ○ Draft works contracts if they have been modified and are different from the draft contracts included in the competitive bidding documents; ○ Evaluation reports of financial proposals by consultants, including recommendations for the award of contracts accompanied by the minutes of negotiations and the initialled draft contract.

In addition to the Bank's prior review of certain activities, it was recommended, following the evaluation of the capacity of the Executing Agency (EA), that at least one supervisory mission per year be fielded to carry out an ex-post review of the contracting activities of the Borrower.

PROCUREMENT PLAN

Procurement System ³	Package No.	Package Description	Category ⁴	Lot No. ⁵	Lot Description ⁶	Estimated Cost (Unit of Account (UAmillion))	Procurement Method	Pre-or Post-Qualification	Procurement Oversight ⁷	Planned SPN Publication Date
BPM	1	Equipment for Training and Capacity Building	Goods	1	Training & Capacity Building Tools	UA0.53	OCB-I	Post	Prior	04 January 2023
BPM	2	Training & Capacity Building for Farmers/Outgrowers	Services	n/a	Training & Capacity Building services	UA1.00	QCBS	Post	Prior	04 January 2023
BPM	3	E&S, M&E and Gender Expert	Services	n/a	Project Experts Services	UA0.70	ICS	Post	Prior	02 September 2022

Annex VIII/ Map of the Project Location of SEZ/SAPZ and ATCs



ANNEX IX/ Signed ESCON

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)



A. Basic Information¹			
Project Title: Liberia Special Agro Processing Zone Project Additional Financing		Project "SAP code": P-LR-AA0-012	
Country: Liberia	Lending Instrument ² : DI <input type="checkbox"/> FI <input type="checkbox"/> CL <input checked="" type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>		
Project Sector: Agriculture	Task Team Leader: Chukwuma EZEDINMA		
Appraisal date: 5/05/2022	Estimated Approval Date: 05/09/2022		
Environmental Safeguards Officer: Moses DUPHEY/ Sekou Abou KAMARA			
Social Safeguards Officer: xxxxxx			
Environmental and Social Category: 2	Date of categorization: 07/07/2022	Operation type: SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
Is this project processed under rapid responses to crises and emergencies?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Is this project processed under a waiver to the Integrated Safeguards System?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
B. Disclosure and Compliance Monitoring			
B.1 Mandatory disclosure			
Environmental Assessment/Audit/System/Others (specify: ESIA)			
Was/Were the document (s) disclosed prior to appraisal?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>	
Date of "in-country" disclosure by the borrower/client		30/08/2021	
Date of receipt, by the Bank, of the authorization to disclose		30/08/2021	
Date of disclosure by the Bank		31/08/2021	
Resettlement Action Plan/Framework/Others (specify:)			
Was/Were the document (s) disclosed prior to appraisal?		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]	
Vulnerable Peoples Plan/Framework/Others (specify:)			
Was the document disclosed prior to appraisal?		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]	
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: NA.			
B.2. Compliance monitoring indicators			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>	
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>	
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?		Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>	
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>	
C. Clearance			
Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board? Yes <input type="checkbox"/> No <input type="checkbox"/>			
Prepared by:	Name	Signature	Date
Environmental Safeguards Officer:	Moses DUPHEY/ Sekou KAMARA		12-07-2022
Social Safeguards Officer:	xxxxxx		
Task Team Leader:	Chukwuma EZEDINMA		12-07-2022
Submitted by:			
Sector Director: for	Atsuko TODA		20-07-2022
Cleared by:			
Director SN/SC:	Mamam-Sani ISSA		03/08/2022

¹ Note: This ESCON shall be appended to project appraisal report/documents before Senior Management and/or Board approvals.

² 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.