

AFRICAN DEVELOPMENT BANK GROUP



SAVANNAH-BASED AGRICULTURAL VALUE CHAINS DEVELOPMENT SUPPORT PROJECT (PADECAS)

COUNTRY: CENTRAL AFRICAN REPUBLIC

APPRAISAL REPORT

October 2018

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AHAI / RDGC DEPARTMENTS

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CURRENCY EQUIVALENTS

(August 2018)

UA 1	=	CFAF 785. 22
UA 1	=	USD 1.40
UA 1	=	EUR 1.20
EUR 1	=	CFAF 655.96

FISCAL YEAR: 1 January – 31 December

WEIGHTS AND MEASURES

1 metric ton	=	2.204 pounds
1 kilogramme (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ACDA	CAR Agency for Agricultural Development
ACFPE	CAR Agency for Vocational Training and Employment
ADF	African Development Fund
AfDB	African Development Bank
ANDE	National Agency for Livestock Development
CAR	Central African Republic
CC	Consultative Committee
CNP	National Steering Committee
CPP	Country Programming Framework
COCF	Bank Field Office in CAR
CSP	Country Strategy Paper
CT-PPF	Coordinating Team of the Project Preparation Facility
EMF	Microfinance Establishment
ESIA	Environmental and Social Impact Assessment
FO	Farmers Organisation
FNEC	National Federation of Stockbreeders of CAR
GEF	Global Environment Facility
GES	Greenhouse Gas
ICRA	CAR Institute of Agronomic Research
IFAD	International Fund for Agricultural Development
IITA	International Institute of Tropical Agriculture
ITSA	Initiative for the Transformation of Savannah in Africa
MADR	Ministry of Agriculture and Rural Development
MESA	Ministry of Livestock
MUA	Million of Unit of Accounts
ONASEM	National Seeds Authority
PADECAS	Savannah-Based Agricultural Value Chains Development Support Project
PARSJF	Youth and Women's Socio-economic Reintegration Support Project
PASTSA-PEJA	Support for the JCAR Agricultural Transformation Strategy and Youth Agriculture and Agri-Business Entrepreneurship Promotion
PGES	Environmental and Social Management Plan
PIB	Gross National Product
PNEFP	National Employment and Vocational Training Policy
PNIASAN	National Agricultural Investment, Food and Nutritional Safety Programme
PP	Procurement Plan
PPF	Project Preparation Facility
PREPAS	Project to Revive Agro-pastoral Production in the Savannah
PTF	Technical and Financial Partners
QCBS	Quality and Cost-Based Selection
RCPCA	National Recovery and Peace-Building Plan in Central African Republic
TAAT	Technologies for African Agriculture Transformation
TSF	Transition Support Fund
VAN	Net Value Added
TRE	Economic rate of return

PROJECT BRIEF

Client Information

BORROWER: Central African Republic
EXECUTING AGENCY: Ministry of Agriculture and Rural Development

Financing Plan

Source	Amount	Instrument
AfDB	UA 1.28 million	ADF Grant
	UA 7 million	TSF Grant
IFAD	UA 12.8 million	Grant
Government and Beneficiaries	UA 1 million	Counterpart Funds
TOTAL COST	UA 22.1 million	

Key AfDB Financing Information

Time Frame – Key Milestones (expected)

Concept Not Approval	July 2018
Project Approval	October 2018
Signing of Grant Agreement	December 2018
First Disbursement	February 2019
Completion/Last Disbursement	December 2023

PROJECT SUMMARY

1. The Savannah-Based Agricultural Value Chains Development Support Project (PADECAS), jointly financed with the International Fund for Agricultural Development (IFAD) seeks to sustainably grow food and beef production. PADECAS, which will span five years (2019-2023) and cost UA 22.1 million (CFAF 17.3 billion) including an UA8.28 million grant from the Bank, will be implemented in the Prefectures of Lobaye, Ombella-Mpoko and L'Ouham Péné. The project will target around 60,000 households with over 500,000 direct beneficiaries.
2. The agricultural sector employs 66% of the labour force and accounts for 23% of GDP. The agricultural and livestock sectors together employ 63% of poor households. Thanks to the agricultural sector assessment and ongoing operations, the project intervention will target five promising sectors: cassava, beans, maize and rice for plant production and cattle for animal production. The value chains approach was adopted to boost productivity and agriculture production through the introduction of innovative technologies that will enhance the competitiveness of the sectors. The project will also involve the development of infrastructure to support the sector. Lastly, the project aims to boost inclusive development in the sectors, particularly by encouraging the involvement of women and young people and improving access to affordable financing and the marketing of productions.
3. CAR went through an unprecedented political and security crisis between 2012 and 2015. Two years after a return to constitutional order and the establishment of all democratic institutions, the security situation remains extremely fragile. Indeed, less than 40% of the territory is controlled by the Central African State. The crisis had devastating effects on the agricultural and livestock sectors, and led to food and nutritional insecurity as well as increased poverty. In this context, improving agricultural and livestock production became an urgent priority for the Government.
4. PADECAS stems from the CAR Government's desire to make the agriculture and livestock sectors participate actively in the quest for economic growth capable of generating jobs and substantial incomes for rural communities. The project is perfectly in line with the Bank's Ten-Year Strategy (2013-2022), especially 2 of High-fives: "Feed Africa" and "Improve the quality of life for people in Africa. It is also consistent with the Strategy for Agricultural Transformation in Africa, 2016-2025; the Strategy to Address Fragility and Strengthen Resilience in Africa (2014-2019); the Youth Employment Strategy in Africa; and the Bank's Technologies for African Agricultural Transformation (TAAT) Programme which seeks to disseminate agricultural technologies to boost productivity and agricultural production in the selected five sectors.
5. PADECAS will experiment on a pilot basis: (a) new technologies for increasing productivity; (b) inclusive funding mechanisms; and (c) youth entrepreneurship. In addition, a mechanism will be put in place to monitor dynamics of the food and cattle sub-sectors as well as the initiative designed to extend social protection to rural areas. The sum of these interventions will serve as pilot experiments for the Bank in the Central African Republic and generate invaluable knowledge for the future development of agricultural sub-sectors in the country and elsewhere in Africa. These interventions will be documented and will enable the Central African Government to redirect and better entrench its agro-pastoral development policies and strategies.

PADECAS : RESULTS-BASED LOGICAL FRAMEWORK

Country and Project Name: Central African Republic (CAR): Savannah-Based Agricultural Value Chains Development Support Project (PADECAS) Project Goal: Sustainably increase productivity and food and cattle production in CAR						
	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURES
		Indicator (including CSIs)	Baseline Situation	Target		
IMPACT	Contribute to improve the food and nutritional security of the population	Rate of food and nutritional security	48%	40%	Annual and statistical reports of CAR Ministries in charge of Planning and Agriculture and Rural Development	
OUTCOMES	Outcome 1 : Agricultural productivity and production increased	Increase in productivity - Cassava - Rice - Maize - Beans Milk production	8t/ha 1.5t/ha 0.85T/ha 0.86t/ha 1.5 liters/day	10t/ha 4t/ha 1.5t/ha 1.3t/ha 10 liters/days	Annual and statistical reports of CAR Ministries in charge of Planning and Agriculture and Rural Development	Risk: looting of project assets by armed groups Mitigation: Continued mediation efforts; fragility mitigating actions planned in the project
	Outcome 2 : Agro-pastoral production increased	rate of increase of livestock	5%	10%		
	Outcome 3 : Jobs created for youth and women	Number of jobs created for youths/women Gender-disaggregation suggested.	NA	1,500 permanent jobs and 3,000 temporary jobs		
OUTPUTS	<u>Component 1 Development of plant and animal sub-sectors</u> Output 1.1 New technologies are customized by beneficiaries	1.1.1 Number of households adopting the new technology	0	18000	Project progress reports	Risk: Degradation of the security situation Mitigation: The project has targeted security-accessible areas and the Government with the support of the international community is continuing the
	Output 1.2 Rural infrastructures are rehabilitated	1.2.1 Number of km of rural roads rehabilitated	0	498 km		

	Output 1.3 Rural infrastructures are created	1.3.1 Number of processing units/multipurpose platforms installed	0	8		<p>dialogue to bring peace to the entire national territory</p> <p>Risk Extreme weather events</p> <p>Mitigation: Integration adaptation measures into activities (ex: introduction of seed varieties adapted to extreme climate risks, integrated approach to agriculture and livestock farming, establishment of a concerted system of warning and control and capacity building of stakeholders involved in the implementation of activities)</p>
		1.3.2 Number of processing units (small-scale cheese factories) established	0	12		
		1.3.3 Number of warehouses, depots, drying facilities, input shops, markets constructed	0	4		
			0	500		
	Output 1.4 Cows are inseminated artificially	1.4.1 Number of cows inseminated				
	Output 1.5 Women and youths are integrated in the agricultural value chains	1.5.1 Number of women	0	240,000		
		1.5.2 Number of youths	0	140,000		
	Component 2 Institutional support, improvement of governance and capacity-building					
	Output 2.1 Structuring of farmers' associations guaranteed	2.1.1 Number of structured associations	0	1,500		
	Output 2.2 Capacity of research institutes and agricultural board strengthened	2.2.1 Number of ICRA laboratories rehabilitated (<u>Bakere and Boukoko</u>)	0	2		
	Output 2.3 The <i>Groupements Agri Multiplicateurs des semences</i> (Seed Multipliers Association - GAM) and Seed Producers Networks (REPROSEM) supported	2.3.1 Nbre de groupement REPROSEM	0	100		
	Output 2.4 <i>Mutualistes Groupements d'intérêt Pastoraux</i> (Pastoral Interest Groups - GIP) supported	2.4.1 Number of pastoral interest groups (GIP)	0	4		

	Output 2.5 Agriculture sector governance strengthened	2.5.1-Private seed producers' platform put in place	0	1	Reports of the Ministry of Health, UNICEF surveys	
	2.6 Entrepreneurial skills development mechanism improved	2.6.1 Number of businesses created	0	500		
		2.9.1 Number of trainings on nutrition held to train health workers	0	2		
	Output 2.9 Capacity of community workers and nutritional health agents strengthened	2.9.2 Number of people sensitized on nutrition, hygiene and HIV/AIDS, 70% of them women	0	15000		

KEY ACTIVITIES	COMPONENTS	RESOURCES	
	Component 1 : <ul style="list-style-type: none"> Improved seed production and seed conservation technologies Improvement of production technical itineraries Deployment of technologies for production, processing, packaging and storage of products Supply of inputs and agricultural tools Rural roads to opening up production areas Socio-economic infrastructure to support the value chains Rehabilitation and strengthening of irrigated perimeters Increased livestock productivity through artificial insemination Rehabilitation of pharmaceutical depots and supply of veterinary drugs Strengthening the epidemiological surveillance network for livestock farming Financial and technical support for the establishment of processing units for women and young people Component 2 <ul style="list-style-type: none"> Study on the structuring of agricultural sectors and on the needs for skills and related professions Strengthening improved seed multiplication and transfer system in the real world Capacity building of support institutions Creating conditions for the integration of young people and women in the sectors Farm school to train young people in agricultural entrepreneurship Support to agricultural entrepreneurship and training in management tools Establishment of Seed Private Enterprise Platform Adding value to products, technologies related to nutrition and demand Strengthening the capacity of community relays and health workers in nutrition Component 3 <ul style="list-style-type: none"> Monitoring of project and ESMP implementation Project administrative, accounting and financial management Preparation of annual work plans and budgets, progress reports Procurement of project goods, works and services Project Audit 	Component 1 (UA 16.9 million) Component 2 (UA 2 million) Component 3 (UA 3.32 million)	FAD: 1.28 MUC TSF: 7.0 MUC IFAD: 12.8 MUC Counterpart in kind: 1 MUC

PROJECT IMPLEMENTATION SCHEDULE

		2018	2019				2020				2021				2022				2023			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Board Approval																					
2	Signature of Grant Agreement																					
3	Grant Effectiveness																					
4	First Disbursement																					
5	Project Commencement																					
6	Signing of Conventions and Establishment of Protocols with Research Institutions																					
7	Signing of Contracts																					
8	Commencement of Works (roads, various infrastructure and PI)																					
9	Implementation of Protocol of Research Institutions																					
10	Implementation of Capacity-Building Activities																					
11	Mid-Term Review																					
12	Audits																					
13	Government's Completion Report																					
14	Completion of Activities																					
15	Closing December 2023																					

REPORT AND RECOMMENDATION BY BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING A PROPOSAL TO AWARD A TSF AND ADF GRANT TO CAR TO FINANCE THE SAVANNAH AGRICULTURAL VALUE CHAINS DEVELOPMENT SUPPORT PROJECT (PADECAS)

Management hereby submits this report and recommendations concerning a proposal to award UA 7.0 million and an ADF grant of UA 1.28 million to the Central African Republic (CAR) to finance the Savannah-Based Agricultural Value Chains Development Support Project in (PADECAS).

I. STRATEGIC THRUST AND RATIONALE

1.1 *National Context*

1.1.1 The outbreak of the March 2013 crisis led to the most serious security, political and humanitarian crisis in CAR's history. This political crisis gave rise to a difficult three years' political transition, supported by the international community. The return to constitutional order, notably with the elections of February 2016, made it possible to form a Government regrouping several political parties. With the exception of the Senate, all republican institutions were set up within the constitutional period. The last reshuffle of the Government in September 2017 was representative, taking into account all the sociological and political diversity of the country, including representatives of armed groups.

1.1.2 On the security front, the presence of the UN peacekeeping force (MINUSCA) of nearly 12,000 men has stabilized the country, despite the fact that less than 40% of the territory is controlled by the Central African Government. Community tensions and regular clashes between armed groups are common across the country. In addition, the formation of several armed groups, who now clash for control of some areas of the country's mineral-rich territory, hold back hopes of a swift appeasement of the situation. On the other hand, in rural areas, especially those with significant mineral resources, insecurity remains persistent and could continue until disarmament of armed groups is effective. Several mining sites have been taken over by these groups and the resulting looting of resources is funds the war and further weakens the capacity of the state to meet the urgent needs of the population.

1.1.3 Despite this relatively volatile security situation, the Central African authorities remain strongly committed to implementing the Disarmament, Demobilization, Reintegration and Repatriation (DDRR) program, whose success is a key element of the Government's strategy to

Text box 1: Summary of the main fragility factors in CAR

The key factors of CAR's persistent fragility are many, complex, and intertwined. The country's violent political history, malfunctioning institutions, previous failed disarmament, demobilisation and reintegration programmes and social exclusion have hindered social and national cohesion. The main challenges the country must tackle include:

Restore security throughout the national territory and consolidate peace and national cohesion. Despite the return to constitutional order in 2016 and the establishment of key democratic institutions enshrined in the Constitution, insecurity persists and inter-community confrontations have continued in several localities of the country. Today the CAR Government controls only a very small part of its territory, and armed groups have split into numerous uncontrolled rebel factions, which has multiplied criminal activities.

Limited productive capacity of businesses and their financial situation depressed by the plunder and destruction of their production tools. CAR is particularly vulnerable to external shocks because of poor economic diversification, including specialisation in primary products. Developing the private sector is crucial for the expansion and diversification of the economy.

work for an inclusive peace. The process launched on August 30, 2017, allowed, the collection of weapons, the insertion of more than 200 ex-combatants in the socio-economic process and the incorporation of more than 200 others in the national army.

1.2 *Project Linkages with Country Strategy and Objectives*

1.2.1 The country's medium-term development and socio-economic objectives are contained in the National Plan for Recovery and Peacebuilding (RCPCA, 2017-2021), adopted in October 2016. This plan aims to create the foundations for 'sustainable and inclusive economic and social development, in particular through' the restoration and extension of the State throughout the national territory and massive public investment, in order to consolidate peace.

1.2.2 PADECAS activities align with the pillars of the RCPCA. In addition, the project is in line with the two pillars of the CAR Country Strategy Paper (CSP) 2017-2021 Country Strategy namely: (i) Support for agriculture development and for social inclusion support infrastructure; and (ii) Strengthening of institutional capacity and governance. The project is also in line with the National Agricultural Investment and Food and Nutritional Security Programme (PNIASAN) and the National Employment and Vocational Training Policy Framework Paper (PNEFP).

1.3 *Rationale for the Bank's Intervention*

1.3.1 The agricultural sector employs 66% of the labour force and accounts for 23% of GDP; livestock is practiced by more than 80% of the rural population. The two sectors occupy 63% of poor households, and are thus crucial for improving food security and reducing poverty. The security crisis led not only to the loss of all inputs for agricultural and livestock production and the destruction and plunder of socio-economic facilities (storage facilities, markets, slaughterhouses, agricultural processing centres, etc.). The necessary support services for agricultural and livestock activities also declined during the crisis years. For example, only 4% of communes indicate that trade in inputs as fertilizers, seeds and phytosanitary products is conducted in their headquarters, which represents a 10% drop compared to the pre-2013 crisis period. Approximate 41% report the existence of veterinary services in their communes, representing a nearly 60% drop compared to the pre-2012 crisis situation.

1.3.2 The food security situation remains disturbing. According to the 2016 National Food Security Survey (ENSA), about half of the population (48%), making up 2.1 million people, live in food insecurity. The crisis takes a heavier toll on women since 22% of urban women declare that their income sources are aid, gifts and family transfers, against 14% of men. For their part, rural women mostly depend on petty trading, agriculture and processing of natural products. The main income-generation- related constraints mentioned by households are the lack of capital to invest (61%), the lack of job opportunities (31%) and the lack of land /production equipment (27%).

1.3.3 AfDB's comparative advantage to implement PADECAS is that the project is in line with the Bank's Ten-Year Strategy (2013-2022), especially 2 of High-fives: "Feed Africa" and "Improve the quality of life for people in Africa. It is also consistent with the Strategy for Agricultural Transformation in Africa, 2016-2025; the Strategy to Address Fragility and Strengthen Resilience in Africa (2014-2019); the Youth Employment Strategy in Africa; and the Bank's Technologies for African Agricultural Transformation (TAAT) Programme which seeks to disseminate agricultural technologies to boost productivity and agricultural production in the selected five sectors.

1.4 Donor Coordination

1.4.1 In CAR, aid is the main source of financing for Government programmes. Aid coordination has been strengthened under the RCPCA. A Technical Secretariat has been established to monitor the implementation of TFP commitments. The Bank, through COCF played a key role in putting this mechanism in place.

Table 1: Partners' Intervention in the Rural Sector

Sector or sub-sector*		Scope (in 2018)		
		GDP	Exports	Jobs
Agriculture and rural development		22.8%	36.9%	66%
Stakeholders – Annual Public Expenditure (CFAF Billion)**				
Government (2010-2013 average)	Donors			
CFAF 174.901 billion (5% of total expenditure) (*)	AfDB	CFAF 14.298 billion (2018-2021)		
	World Bank	CFAF 15.091 billion (2017-2021)		
	IFAD	CFAF 16.208 billion (2018-2021)		
	FAO	CFAF 2.5 billion		
	EU	CFAF 13 billion		
	UNDP	CFAF 3.001 billion		
	Others	CFAF 0.838 billion		
Level of Aid Coordination				
Existence of thematic working groups		[Yes, established during RCPCA]		
Existence of an overall sector programme		[Yes, (i) The PNIASAN; (ii) Regional Agricultural Development Programmes; (iii) 2016-2018 Agricultural Recovery Roadmap; (iv) 2017-2021 Livestock Roadmap.		
AfDB's role in aid coordination		Active member (not leader)		
(*) Sources: RCPCA; Ministry of Rural Development; Ministry of Livestock and Animal Health.				

II. PROJECT DESCRIPTION

2.1 Project Components

2.1.1 PADECAS complements IFAD's Agropastoral Production Revival Project (PREPAS). It will be implemented through three components as follows: (i) Development of agricultural and animal sectors; (ii) Institutional support to the agricultural sector; and (iii) Project Coordination and Management.

2.1.2 Component 1 aims to develop value chains for the cassava, maize, rice, bean, and bovine value chains. The project will introduce technologies to improve the productivity, processing and marketing of agriculture products. Through this component, the project will support farms and groups through an approach focused on the development of a strategy for the inclusion of women and youth in selected activities. The project will contribute to the establishment of the necessary agricultural and rural infrastructures that will allow the opening up of the production areas, as well as the storage, marketing of plant and animal productions. This component also aims to provide livestock farmers with the knowledge, skills and material resources to increase livestock productivity and production.

2.1.3 Component 2 supports coordination and dialogue among actors in value chains through capacity building of support institutions (the Central African Institute for Agronomic Research (ICRA), the National Agency for Development of Agricultural Livestock (ANDE), National Federation of Central African Herders (FNEC), Central African Agency for Agricultural Development (ACDA)) and through support for partnership between stakeholders, including public-private partnerships. The Project will support the preparation, adoption and implementation of detailed policy documents, with the aim of improving governance and

enabling an effective transformation of the rural environment. These supports will target in a non-exhaustive way, seeds being the most decisive factor of production on which the efficiency of the other inputs depends. The project will work with the International Labor Office (ILO) to create conditions for youth and women's participation in value chains.

2.1.4 **Component 3** provides technical, administrative and financial management of the project.

2.1.5 A Summary of the activities for each of the components is provided below.

Table 2 : Description and Costs of Project Components

No	Component	Cost (MUA) ¹	Description
1	Development of vegetable and livestock sub-sectors	<u>16.9</u>	<ul style="list-style-type: none"> Improved seed production and seed conservation technologies Improvement of production technical itineraries Deployment of technologies for production, processing, packaging and storage of products Supply of inputs and agricultural tools Rural roads to opening up production areas Socio-economic infrastructure to support the value chains Rehabilitation and strengthening of irrigated perimeters Increased livestock productivity through artificial insemination Rehabilitation of pharmaceutical depots and supply of veterinary drugs Strengthening the epidemiological surveillance network for livestock farming Financial and technical support for the establishment of processing units for women and young people
2	Institutional support	<u>2</u>	<ul style="list-style-type: none"> Study on the structuring of agricultural sectors and on the needs for skills and related professions Strengthening improved seed multiplication and transfer system in the real world Capacity building of support institutions Creating conditions for the integration of young people and women in the sectors Farm school to train young people in agricultural entrepreneurship Support to agricultural entrepreneurship and training in management tools Establishment of Seed Private Enterprise Platform Adding value to products, technologies related to nutrition and demand Strengthening the capacity of community relays and health workers in nutrition
3	Project coordination and management	<u>3.3</u>	<ul style="list-style-type: none"> Monitoring of project and ESMP implementation Project administrative, accounting and financial management Preparation of annual work plans and budgets, progress reports Procurement of project goods, works and services Project Audit

2.2 *Technical Solutions Adopted and Alternatives Explored*

2.2.1 Discussions with the ministries responsible for agriculture and livestock and various stakeholders allowed for the consensual adoption of the project's technical design centred on support for the vegetable and cattle sub-sector with private sector participation. The option adopted is to introduce proven technologies in the different value chain segments to increase their productivity and agricultural production. In addition, the project aims to stimulate and support private initiative and lend impetus to inclusive sub-sector development by encouraging

¹ These costs do not include unallocated sums.

the involvement of women and youths and improving access to sustainable and customized financing.

Table 3: Project Alternatives Explored and Reasons for their Rejection

Titre	Brief Description	Reasons for Rejection
Integrated rural development project	A rural development project encompassing all sub-sectors	A traditional rural development project that does not rely on market-oriented and non-market-related sectors will have limited effects on the incomes and employability of rural communities. young people and women
Use of natural breeding	Use of natural and uncontrolled breeding	The results of natural breeding are usually modest. The choice to use artificial insemination to improve cattle productivity is based on numerous advantages offered, namely: <ul style="list-style-type: none"> ▪ Better disease control under tropical conditions; ▪ Post-weaning performance improved ▪ Carcass value improved and ▪ More productive dairy replacement heifers
Development of livestock as a dominant sector	Implement project activities focused on intensive stockbreeding (imported breeds, close veterinary monitoring, feeding based on concentrates and cultivated fodder)	<ul style="list-style-type: none"> ▪ Veterinary treatment and intensive feeding cannot be afforded by most stockbreeders ▪ Poor adequacy between human and institutional capacity and the practice of intensive stockbreeding

2.3 Project Type

This intervention is an autonomous investment project.

2.4 Project Cost and Financing Arrangement

2.4.1 The indicative project cost, net of taxes and customs duty, is estimated at about UA 22.1 million (CFAF 17.3 billion), 52% of which in foreign exchange and 48% in local currency. The project financing includes UA 7 million, or CFAF 5.5 billion, by a TSF grant; UA 1.28 million or CFAF 1.6 billion by an ADF grant; UA 12.8 million or CFAF 10 billion by an IFAD grant; and the rest, UA 1 million or CFAF 784 million constitutes the in-kind contribution of Government and beneficiaries. Project activities will span a period of five (5) years. The summary of project costs, financing distribution and expenditure schedule is presented in Tables 4-8.

2.4.2 The IFAD co-financing comes in the form of a project that will be implemented concurrently with PADECAS. IFAD is in the process of developing the project concept note which, once approved, will enable the preparation mission to undertake the studies for the proposed infrastructure. According to IFAD's provisional schedule, these studies will be conducted at the end of 2018 or at the latest beginning of 2019.

Table 4: Estimated Costs by Component

COMPONANT	(\$US, 000)			(UCA000)			% FE	% Base Cost
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
1. Development of vegetable and livestock sub-sectors	8 824,56	12 814,58	21639,14	6 258,55	9 088,35	15 346,91	59	75
2. Institutional Support	1602,80	1133,24	2 736,04	1136,74	803,72	1 940,46	41	9
3. Project Coordination and Management	4308,80	174,90	4 483,70	3 055,89	124,04	3179,93	4	16
Base Cost	14736,17	14122,72	28 858,88	10451,18	10 016,11	20 467,29	49	100
Physical Contingencies	524,54	1 246,59	1 771,13	372,02	884,10	1 256,12	70	6
Financial Contingencies	266,90	311,01	577,91	189,29	220,57	409,86	54	2
TOTAL PROJECT COST	15 527,60	15 680,31	31 207,92	11 012,49	11 120,79	22 133,27	50	108

Table 5: Project Cost by Expenditure Category

Expenditure Category	(\$US, 000)			(UA, 000)			% Dev .	% Base Cost
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total		
Investment								
Works	4 905,61	11 446,43	16 352,04	3 479,16	8 118,03	11 597,19	70	57
Goods	656,63	2 071,59	2 728,22	465,70	1 469,21	1 934,91	76	9
Services	5 017,02	604,70	5 621,72	3 558,17	428,86	3 987,04	11	19
Operational	4 156,90	-	4 156,90	2 948,16	-	2 948,16	-	14
Base Cost	14 736,17	14 122,72	28 858,88	10 451,18	10 016,11	20 467,29	49	100
Physical Contingencies	524,54	1 246,59	1 771,13	372,02	884,10	1 256,12	70	6
Financial Contingencies	266,90	311,01	577,91	189,29	220,57	409,86	54	2
TOTAL PROJECT COST	15 527,60	15 680,31	31 207,92	11 012,49	11 120,79	22 133,27	50	108

Tableau 6: Schedule of Payments by Category (amounts are in '000 UA)

Components	2019	2020	2021	2022	2023	TOTAL
1. Development of vegetable and livestock sub-sectors	2 240,56	6 537,46	5 079,36	2 039,11	963,74	16 860,22
2. Institutional Support	1 132,11	518,51	141,27	119,78	106,32	2 017,99
3. Project Coordination and Management	775,01	640,20	608,58	613,27	618,00	3 255,06
TOTAL	4 147,68	7 696,17	5 829,21	2 772,16	1 688,06	22 133,27

Table 7: Sources of Financing

Source of Finance	(UC, 000)			(\$US, 000)			% Total
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total	
TSF	5 044,9	1 956,8	7 001,7	7 113,3	2 759,1	9 872,4	31,6
FAD	379,5	898,3	1 277,9	535,2	1 266,7	1 801,8	5,8
Government	1 086,6	0,0	1 086,6	1 532,1	0,0	1 532,1	4,9
IFAD	4 501,5	8 265,6	12 767,1	6 347,1	11 654,5	18 001,6	57,7
TOTAL	11 012,5	11 120,8	22 133,3	15 527,6	15 680,3	31 207,9	100,0

Table 8: Project cost by category and sources of financing

EXPENDITURE CATEGORY	Source of Finance (UA, 000)					% Total
	TSF	FAD	IFAD	Government	Total	
I. INVESTMENT	5 065,4	1 277,9	12 767,1	-	19 110,4	86,3
A. SERVICES	3 053,9	-	959,1	-	4 013,0	18,1
B. Goods	1 979,8	76,4	-	-	2 056,2	9,3
C. Works	31,7	1 201,5	11 808,0	-	13 041,3	58,9
II. OPERATIONAL	1 936,3	-	-	1 086,6	3 022,9	13,7
TOTAL PROJECT COST	7 001,7	1 277,9	12 767,1	1 086,6	22 133,3	100,0

2.5 *Project Target Area and Beneficiaries*

2.5.1 PADECAS will intervene in the prefectures of Lobaye in the southwest; Ombella Mpoko in the center-west and Ouham Pandé (Bozoum) in the north-west. With regard to support to the vegetable and animal sectors; the project area includes the following: (i) for Ombella-Mpoko: Bimbo, Boali, Bossembele, Damara-Bogangolo; and (ii) for Lobaye: Boda-Mbaiki and Boganda-Boganangone. Added to this is Bozoum and Sakai for rice. The choice of these zones is justified by their accessibility to the security plan. The project will target about 30,120 households to be added to the other 30,000 households of the PREPAS Project, making a total of 60,120 households with more than 500,000 direct beneficiaries.

2.5.2 The main areas of the project, Ombella Mpoko and Lobaye, cover an estimated beneficiary population of about 1.5 million inhabitants, or 32% of the total population of the country. The young make up 61% of this population while women make up 50%. The prefecture of Ouham Pandé, which is predominantly young (63% of the total population) and female (51% of the population), is estimated at more than 60,000 inhabitants. Agriculture, which mobilizes more than 85% of the population, is the predominant sector for the prefecture's economy. Fishing Livestock and trade are also practiced.

2.5.3 A landlocked area whose economy is essentially based on agriculture, the Préfecture of Lobaye has enormous potentialities that remain poorly exploited. In fact, of the nearly 2.3 million hectares of arable land, only 2% are cultivated each year. The region has a dense hydrographic network, 1.750 million ha of forest, 2.75 million ha of pasture and 2 800 km of road and rural roads of which only 12% are accessible by vehicle. The prefecture of Ouham Péné, like the whole country, enjoys considerable assets. Its abundant rainfall and very fertile lands that facilitated the development of groundnut economy, earned it its former name of "the lung of the Central African economy."

2.5.4 Lobaye belongs to the Guinea forest zone with 9 months of rainy season and 3 months of dry season and annual rainfall exceeding 1,600 mm. Mean annual temperature is 23° with relatively low thermal amplitude. Ombella Mpoko occupies the Guinean forest zone to the South, the Sudano-Oubangui zone in the Centre and the Sudano-Guinean zone to the North. Peak rainfall varies between 1,200 to 1,500 mm per year. Temperatures range between 23 and 24°C, making the thermal gap low. Ouham Péné (Bozoum) sits astride the Sudano-Oubangui and Sudani-Sahelian climates. Rainfall ranges between 900 and 1,200 mm per year. This zone is typified by relative humidity with a more contrasted regime and longer periods of sunshine in the year, considering the country's latitudinal position. Mean annual temperature is 25°C while the annual thermal amplitude is 6°C.

2.6 *Participatory Approach in Project Identification*

2.6.1 This project was designed using an integrated participatory approach to improve beneficiary ownership and build the resilience of the rural poor. PADECAS design is the result of popular consultations (meetings and discussions) with stakeholders (rural population, NGOs, institutions, etc.) who expressed their views and concerns about the project's objectives and technical choices during the identification, preparation and appraisal phases. Thanks to the participatory approach adopted, stakeholders supported the project objectives and technical choices. This same approach, used during the formulation stage, will be continued during project implementation. Different agricultural sector actors, State agents, the Chamber of Agriculture, NGOs, commercial banks as well as MFIs (micro-finance institutions) were all consulted.

2.7 *Consideration of Bank Group Experience*

2.7.1 The Bank's portfolio is being implemented in an unstable security context, characterised by the occupation of three-quarters ($\frac{3}{4}$) of the country by rebel factions. In these circumstances, project activities will preferably be located in safe areas to guarantee proper implementation with real impacts for the beneficiary population. The July 2017 review noted shortcomings in terms of project commencement time frames. The above lessons are reflected in the project design. This can be seen in the targeted choice of value chains and consequently a better concentration in terms of geography and actors. Government also took measures for final design studies to be completed and for the coordination team to be established as soon as possible to facilitate the commencement of the project.

2.8 *Key Performance Indicators*

2.8.1 In the long term (2030), the key performance indicator is the rate of food and nutritional insecurity and the poverty rate. The rate of food and nutritional insecurity is expected decrease to 40% from 48% in 2016. In the medium term (in terms of outcomes), PADECAS will contribute to increase agricultural production marketed from 8 to 10t/ha for cassava; 1.5 to 4t/ha for rice; 0.85 to 1.5t/ha for maize; and 0.86 to 1.3t/ha for red beans. For animal production, additional milk production will increase to 10 liters/day from 1.5 liters per day in the optimal year of production. Commercial operators' incomes (producers, *agripreneurs*, cooperators, collectors, processing operators, traders, etc) will also increase by over 100%. Similarly, the project will bring the creation of 1,500 permanent jobs and 3,000 temporary jobs, including 75% for women and youths through the creation of about 500 local businesses, making it possible to improve the quality and living conditions of the poor.

III. *PROJECT FEASIBILITY*

3.1 *Economic and Financial Performance*

3.1.1 Economic and financial performance concerned the trading results of the main selected foodstuff and animal products (milk and cheese) based on models integrating both project support for each value chain segment (production, collection, marketing and processing) and the promotion of agricultural entrepreneurship, especially for the youth.

3.1.2 In terms of profitability, the project posts a satisfactory rate of economic rate of return (ERR) of 19% and a net present value (NPV) of CFAF 10.728 billion at 12% capital opportunity cost. A test was conducted to measure ERR sensitivity test to cost and revenue fluctuations. It revealed that raising investment costs or reducing project revenue by 10% will not have a very significant impact on the economic rate of return of at least 13%. In contrast, this rate is sensitive to a simultaneous variation of 10% of costs and revenue. Indeed, if costs increase while revenue drops, the effect will be to reduce ERR to 12.4%.

3.1.3 The real situation is far better because other economic benefits exist which are not quantified. These can be summarized as follows: (i) the upstream effects of additional revenue on providers (NGOs, businesses, suppliers, consultancy firms); (ii) the downstream effects of the generation of additional revenue on producers, traders and processing operators, most of whom are women. Foreign exchange costs will also reduce thanks to the significantly smaller import bill of food products in the balance of trade; and wealth will be created in the country due to the higher GDP induced by the generation of additional value added. For households, the project's benefits include better feeding of vulnerable groups (children, women of child-bearing age and the elderly), a reduction of the medical bill and the painfulness of the work of the agricultural labour force, especially the female workers.

3.2 *Environmental and Social Impact*

Environment

3.2.1 PADECAS is classified in Category II. The implementation areas for the infrastructures are defined and the project will not involve the resettlement of populations nor the restriction of their access to resources or means of life, considering the limited scope of the facilities that will be constructed and/or rehabilitated. An Environmental and Social Management Plan (ESMP) was prepared from 6 to 21 August 2018 and posted on the Bank's website on 3 September 2018. The PADECAS infrastructure will not generate any major negative environmental and social impacts. Most will not only provide an answer to real social issues (fight against unemployment, socio-economic integration of underprivileged persons, diversification of agricultural and pastoral production etc.), but also improve the beneficiary population's living conditions and boost the rural, semi-urban and even national economy.

3.2.2 No irreversible or large-scale negative impact was reported. Most impacts are temporary and time-bound (local nuisances and the dangers confronting workers and the public) during the construction phase (flow of waste water from slaughtering areas and the proliferation of solid and liquid wastes.). Possible negative impacts include: (i) air pollution by balls and rice sounds, transportation of construction materials (sand, gravels), carbon monoxide emissions from gasoline-driven rice hulling machines ; (ii) soil pollution linked to cattle and the immoderate use of fertilizers and/or pesticides by framers); (iii) risk of water pollution by the worksite, use of pesticides and fertilizers, wastes from slaughtering areas); (iv) destruction of plant cover; and (v) destruction and moving away of wildlife.

3.2.3 To prevent these risks, the ESMP already developed will guide the various stakeholders in managing the impacts resulting from the activities in question. The cost of implementing the ESMP is 70,000,000 XAF. The project management unit will be responsible for the implementation of the ESMP.

3.2.4 At the institutional level, the monitoring of the ESMP is under the responsibility of the Directorate General for the Environment and includes the monitoring, impact control and evaluation activities. The coordination of the monitoring of the implementation of ESMP is ensured by the Ministry in charge of the environment in collaboration with the administrative and local authorities of the project area, the Ministries in charge of Agriculture and Livestock and as well as local civil society organizations working in the project areas.

Climate Change Adaptation

3.2.5 The sectors considered the most vulnerable to climate change in CAR are in order of importance: agriculture, health, fishing, energy, water resources, livestock, forestry, wildlife, habitat, transport and industry. Although there is no baseline data on GHG emissions in project zones, a rise in these emissions is to be expected due to the development of agriculture, intensive stock-breeding, and increased road transport due to the production of agricultural and livestock products and sub-products and their evacuation to markets. On the other hand, two mitigation actions will be carried out : (i) setting up of rice hulling units running on an energy-mix (gasoline and solar power) which can reduce CO₂ emissions by 50% to process paddy into polished rice; and (ii) planting of hedges to demarcate areas allocated for intensification of stock-breeding as these will contribute to the sequestration of part of the carbon emitted. Other actions to be carried out include: (i) the establishment of prairies for cattle fodder; (ii) the introduction of varieties of rice, maize, beans and cassava that are adapted to extreme weather risks; and (iii) the restitution of crop residues to cultivated soils. The use of green fertilizers, the reduction of work on land and sprinkling of organic fertilizers will contribute to replenish the soil's carbon stocks.

3.2.6 Weather vagaries (floods, late arrival of the rainy season, prolonged drought, etc.) will negatively affect the production level and hence, the products of processing. To remedy this situation, the project will need to set up on a concerted basis an early warning and control system to monitor these vagaries and build the capacity of stakeholders involved in the implementation of activities. As recommended, these actions are consistent with the Strategic and Operational Plan for CAR's Climate Change Response for the 2017-2020 period.

Gender

3.2.7 Agriculture and livestock breeding are the main activities in the project intervention area. Although these activities employ men, women and youths, it should be noted that men control these two sub-sectors since cultivated land and cattle herds are mostly owned by them. The plant and animal sub-sectors have great economic potentials to create wealth and generate significant revenue. That is why women and youths are excluded from their control. The discrimination women suffer in both sub-sectors is further heightened by social roles which determine the position of the woman. She is considered as a chattel belonging to her husband's lineage if she is married or that of her father if unmarried. On the strength of that, she is recognized to have the right to only use but not to own property of any kind.

3.2.8 Although empirical data shows that women and youths are present in different segments of the selected value chains, no reliable statistical data exists for characterizing their involvement in these sub-sectors. PADECAS will support the conduct of preliminary surveys on the participation of women and youths in the plant and cattle value chains. The aim is to collect as much information as possible to prepare strategies for action. Therefore, the project will help to prepare a gender profile in the selected value chains. Besides, the project plans to construct markets for agricultural and dairy products mostly controlled by women.

Social

3.2.9 PADECAS will have a sure impact on the population's food insecurity, seen in increased production and better product quality from the five sub-sectors concerned. It will also improve the nutritional status of the direct beneficiaries of the support comprising about 60,000 households including 55,000 children who are under 5 years old and 22,000 pregnant women and breast-feeding mothers who are the most vulnerable to malnutrition. Improving the nutritional status of women and children will contribute to reducing mortality and morbidity in the project areas. Indirectly, all nutrition-sensitive activities such as water/sanitation interventions will also contribute to the better nutrition of the population.

3.2.10 The success of PADECAS' advocated approach consisting in concentrating activities by intervention site will induce a process of self-satisfaction and popular support among the population. Due to proximity, this will allow for endogenous development throughout the project area, the only factor that can, in the medium-term, roll back poverty, unemployment and rural exodus. Youth and women's entrepreneurship will help to reduce unemployment in the project area and increase the incomes of the most vulnerable segments of the population.

IV. PROJECT IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 PADECAS will be placed under the joint supervision of the Ministry of Agriculture and Rural Development. MARD will supervise the project and, as such, coordinate interactions with other sector ministries, technical and financial partners as well as coordinate monitoring

and evaluation activities in relation to PREPAS. National-level consultation will be handled by a National Steering Committee (CNP) which will be established by a joint order of MADR and MESA. At the devolved level, consultation will be done within sub-prefectural Consultative Committees (CC) which will approve investment plans at their level and supervise implementation in order to ensure that they are aligned and consistent with regional strategies and other sector interventions.

4.1.2 The project will be managed by the PPF Coordination Unit under way for the Support for the CAR Agricultural Transformation Strategy and Youth Agriculture and Agri-Business Entrepreneurship Promotion (*PASTAC-PEJA*) whose capacity will be strengthened by recruiting new experts. An Order of MADR to broaden the mandate of the PASTAC-PEJA Coordination Unit into the PADECAS Management Unit (UCG) must be signed before project commencement. Three area offices will be created in the project area within the sub-prefectures of Boda, Bouali and Damara.

4.2 Procurement Arrangements

4.2.1 ***Applicable Procurement Policy and Framework*** :All procurement of goods, works and consultancy services financed with Bank resources will be done in accordance with the Procurement Policy for Bank Group-Funded Operations (AfDB Policy), October 2015 edition and the **Methodology for the Implementation of the Procurement Policy of the African Development Bank**. Details of procurement performance (system, cost, schedule, method, review type) agreed between the Borrower and the Bank are described in Technical Annex B.7.

4.2.2 **Procurement implementation:** Project procurement will be carried out by a procurement expert of the Project Management Unit to be recruited through an open call. This expert will be recruited as soon as the project commences in order to carry out procurement activities as defined in Technical Annex B7 with the support of a Procurement Assistant, civil servant of the Ministry of Agriculture and Rural Development to be appointed. To this end, the Central African Government has submitted to the Fund a request to authorize early actions for the following acquisitions: recruitment of an administrative and financial manager, a procurement specialist and an expert in monitoring and evaluation.

4.2.3 **Procurement Capacity and Risk Assessment (ERCA):** In order to take the specificities of the project into consideration, the Bank assessed: (i) risks at the national, sector and project level; and (ii) the capacity of the executing agency. The results of these assessments concluded that the risk level for procurement is *high* and made it possible to determine that all project procurements will be carried out according to the Bank's system, subject to the application of the mitigation measures proposed in paragraph 5.9 of Technical Annex B.5.

4.3 Financial Management

4.3.1 **The evaluation concluded that the Project Coordination Unit does not have the adequate and satisfactory financial management capacity to provide, with reasonable assurance, accurate and complete information in a timely manner on the status of the project as required by the Bank. The initial level of fiduciary risk related to aspects of financial management is considered high due to:** (i) the absence of a manual of procedures incorporating the specificities of the PADECAS project; (ii) the size of the current fiduciary team which is not adequate to manage project funds. In fact, apart from the accountant, the team does not have an administrative and financial manager; (iii) lack of refresher training for the existing team (revised SYSCOHADA, cash management, disbursement procedures, internal control, etc.), this situation may cause the project to risk significant errors in the financial statements for the 2018 financial year; (iv) the absence of accounting software; and (v) the absence of an

independent internal inspection mechanism within the Unit (internal audit and / or financial controller). As a reminder, some of these weaknesses were identified by the evaluation mission of the PPF of July 2017, without a satisfactory evolution being observed. Arrangements have been formulated to reduce this level of risk.

4.3.2 Financial Management Arrangements: The fiduciary responsibility for the implementation of the project lies with the Central African Republic through the Ministry of Agriculture and Rural Development. The Coordination Cell set up under the PPF will be responsible for the overall coordination, technical coordination and financial management of the project.

4.3.3 Financial management of the project will be ensured through the implementation of the following system: (i) development of the manual of administrative, financial and accounting procedures in order to integrate the improvements provided by the new provisions of the revised SYSCOHADA standard. It should also describe the organization chart of the project with all the actors involved in its implementation, the roles and responsibilities and activities of each actor, (ii) organize training in the revised SYSCOHADA, cash management and internal control for the benefit the entire Project fiduciary team; (iii) recruitment of an administrative and financial manager; (iv) validation of financial reporting formats within three months of effectiveness to improve the quality and timeliness of financial statements required by the Bank, (v) in the absence of an internal auditor, ensure the involvement of the financial controller of MADR in the chain of validation of expenditure and disbursement. In addition, the Coordinator should be personally involved in the proper functioning of the internal control system. Before the disbursement of resources for capacity building, ensure the implementation, and control by users, management tools for the periodic establishment of accounting, budget, and financial reports and financial statements closing date.

4.4 Disbursements

4.4.1 Disbursement of the FAD and TSF resources under the project will be done pursuant to the provisions of the Disbursement Handbook in force at the Bank. For ADF resources: the direct payment method for the payment of goods and works. For TSF resources: (a) the special account method (for operating expenses, capacity building activities, and the management of certain partnership agreements) and (b) the direct payment method for the payment of works , goods and service contracts.

4.4.2 The opening of the XAF-denominated special account for TSF resources, for PADECAS, under the responsibility of MADR will be carried out in a local bank deemed acceptable to the Bank. All supporting documentation for project expenditures (all funding combined) will be filed and maintained in a secure location and in accordance with the Law. These supporting documents must be available and accessible for review / audit / audit by periodic Bank supervision missions, external audits and internal audits.

4.5 Audit Arrangements

4.5.1 Pursuant to the general conditions of the Bank, an annual audit of financial statements including, will be performed by an independent audit firm which will be recruited on a competitive basis. MADR's PMU will be responsible for recruiting the independent audit firm with the support of the Unit's Procurement Expert. The selection of the firm will be done according to Bank procedures. The auditor's terms of reference will comply with the model in force at the Bank, and submitted for the latter's approval.

4.5.2 The contract with the auditor will not exceed three years and the acceptance by the Bank of the first audit report is a prerequisite for the auditor to continue his work. The scope of the audit will cover all project activities, all sources of funding, as well as the activities of the value chain development fund. Audits reports shall be transmitted six months after the end of the fiscal year at the latest.

4.6 Project Monitoring and Evaluation

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

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

Table 9: Project Implementation Schedule

Time Frame	Milestones	Responsible Body
October 2018	Board approval	Bank
December 2018	Signing of Grant Agreement	Beneficiary / Bank
March 2019	First disbursement	Beneficiary/Bank
December 2021	Mid-term review	Bank/Borrower
June 2020	Submission of first audit report	Borrower
December 2023	Project completion	Bank/ Borrower

4.7 Governance

4.7.1 The multi-sector good governance challenges (environment, agriculture, livestock etc..) to be tackled include lengthy time frames and transparency in procurement, the establishment of a reference framework for planning investments, transparency in the financial management of works maintenance associations and obstacles to the implementation of sub-regional and regional policies. However, the management of public resources and the state of corruption in the country require that greater attention be paid to procurement mechanisms. In this framework, PADECAS should be implemented to strengthen local institutions and improve citizen control through better involvement of civil society and farmers' organisations.

4.8 Sustainability

4.8.1 The fact of carrying out activities that meet stakeholder demands, global sub-sector needs and priority national and local guidelines while empowering national partner institutions,

is the main guarantee of the project's sustainability. Since the selected value chains indeed exist already, the project places emphasis on strengthening their segments and on integrating them with a view to upgrading and professionalizing these sub-sectors. Besides, the targeted value chain actors (producers, stock-breeder, transporters, processing operators, research, supervision and support/advice structures, etc.) participated in project design and are committed to being part of its implementation and steering. The involvement of sub-prefectural consultative committees makes project ownership possible at the decentralized level.

4.8.2 The works will be managed and maintained by the beneficiaries or communes. The sustainability of the project largely depends on the quality of the works and adequate management and maintenance conditions. It also depends on the level of ownership by actors and beneficiaries as well as the desire and commitment displayed by Government and devolved structures, mostly sub-prefectures, to provide long-term support for the management of structures and facilities constructed by the project. There are plans to mobilize technical assistance support under PREPAS to define a viable model for the management of all infrastructure that will be constructed as part of AfDB and IFAD projects to ensure their profitability and sustainability.

4.8.3 Project actions will also serve to lay the foundations for the promotion of entrepreneurship within small foodstuff and market-gardening cooperatives as well as animal production cooperatives. In the same vein, project actions in areas such as capacity-building in entrepreneurial culture, business management, organisational dynamics of beneficiary groups and the management and maintenance of works will stimulate the emergence of small and medium-sized enterprises also taking into consideration the technical, financial and organizational dimensions. They will also foster inclusive and responsible growth. All these support packages taken together constitute additional guarantee of the sustainability of outputs while enabling the dynamic initiated to continue after the project ends.

4.9 Risk Management

4.9.1 The risks that could limit the achievement of project objectives are related to: (i) the deterioration of the country's political and security situation and its spread in the project area; (ii) looting of project assets by armed groups; (iii) extreme weather events. The risks identified above will be mitigated by strengthening the efforts of the Government and the International Community to fight against insecurity and by integrating the adaptation dimension into the project activities.

4.10 Knowledge Building

4.10.1 PADECAS will experiment on a pilot basis: (a) new technologies for increasing productivity; (b) inclusive funding mechanisms; and (c) youth entrepreneurship. In addition, a mechanism will be put in place to monitor dynamics of the food and cattle sub-sectors as well as the initiative designed to extend social protection to rural areas. The sum of these interventions will serve as pilot experiments for the Bank in the Central African Republic and generate invaluable knowledge for the future development of agricultural sub-sectors in the country and elsewhere in Africa. These interventions will be documented and will enable the Central African Government to redirect and better entrench its agro-pastoral development policies and strategies.

V. LEGAL FRAMEWORK

5.1 *Legal Instrument*

The project will be financed through two Instrument ADF and TSF awarded to the Central African Republic each with its own grant agreement.

5.2 *Conditions Associated with the Bank's Involvement*

5.2.1 Conditions Precedent to Grant Effectiveness: Grant effectiveness shall be subject to the signing of the Grant Agreement.

5.2.2 Conditions Precedent to the First Disbursement: In addition to grant effectiveness, the first disbursement shall be subject to the Borrower fulfilling the following conditions to the satisfaction of the Bank:

- a) Provide to the Fund the decree from the Ministry of Agriculture and Rural Development extending the mandate of the Coordination Unit of the CAR Agricultural Transformation Strategy and Youth Agriculture and Agri-Business Entrepreneurship Promotion to a Project Management Unit;
- b) Provide to the Fund evidence of the hiring of the Administrative and Financial Officer, the Procurement Specialist and Project Monitoring and Evaluation Expert, whose experience and qualifications have been deemed acceptable by the Bank; Provide to the Fund evidence of the establishment of the three antennas of Boda, Boali and Damara; and
- c) Provide the Fund with evidence of the development of the Administrative Procedures Manual, financial and accounting.

5.2.3 Other Conditions: The Borrower must in addition:

- a. Execute the Project in accordance with the Environmental and Social Management Plan (ESMP), the Fund's Safeguard Policies and applicable national legislation in a manner satisfactory to the Fund, in form and substance;
- b. Prepare and submit to the Fund, as part of the Project Reporting referred to in Section 7.01 of the Grant Agreement, quarterly reports on the implementation of the ESMP, including identified deficiencies and corrective actions taken thereon been brought;
- c. Refrain from any action that would impede or impede the implementation of the ESMP, including any amendment, suspension, waiver and / or cancellation of any provision thereof, in whole or in part, without the prior written consent of the Fund;
- d. Cooperate fully with the Fund in the event that the implementation of the Project or any change in its scope results in unforeseen displacement and / or resettlement of populations; and undertakes not to start working in the area affected by the implementation of the Project provided that all Persons Assigned by the Project are compensated and / or resettled in accordance with the Resettlement Plan prepared;

- e. Provide evidence of revised SYSCOHADA training, cash management and internal control for the benefit of the entire Project fiduciary team; and
- f. Implement the Project, and ensure that each of its contractors and / or agents implement the Project in accordance with the provisions of the Anti-Corruption Policies.

5.3 *Compliance with Bank Policies*

The project complies with all Bank policies.

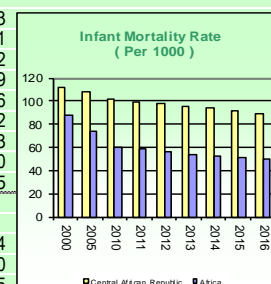
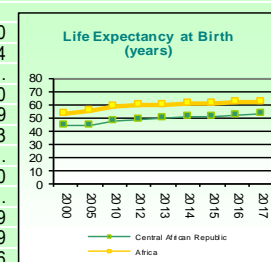
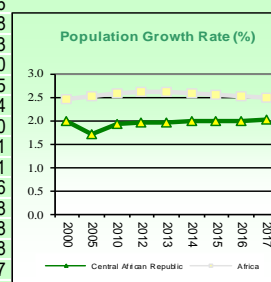
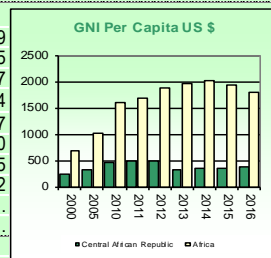
VI. RECOMMENDATION

Management hereby recommends that the Boards of Directors approve the proposal to award a TSF grant not exceeding UA 7.00 and an ADF grant not exceeding UA 1.28 million to the Central African Republic subject and in accordance with the conditions set out in this report.

ANNEX I: COUNTRY'S COMPARATIVE SOCIO-ECONOMIC INDICATORS

Central African Republic COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Central African Republic	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2017	623	30,067	80,386	53,939
Total Population (millions)	2017	5.1	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2017	39.8	39.7	47.0	80.7
Population Density (per Km ²)	2017	8.2	40.3	78.5	25.4
GNI per Capita (US \$)	2016	370	2 045	4 226	38 317
Labor Force Participation * - Total (%)	2017	76.9	66.3	67.7	72.0
Labor Force Participation ** - Female (%)	2017	70.9	56.5	53.0	64.5
Sex Ratio (per 100 female)	2017	97.2	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2015	188
Popul. Living Below \$ 1.90 a Day (% of Population)	2008	66.3	39.6	17.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2017	2.0	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2017	2.7	3.6	2.6	0.8
Population < 15 years (%)	2017	38.5	41.0	28.3	17.3
Population 15-24 years (%)	2017	20.5	3.5	6.2	16.0
Population >= 65 years (%)	2017	3.9	80.1	54.6	50.5
Dependency Ratio (%)	2017	73.7	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2017	25.3	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2017	52.9	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2017	55.0	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2017	32.7	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2017	13.3	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2016	88.5	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2016	123.6	75.5	47.3	6.8
Total Fertility Rate (per woman)	2017	4.1	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	882.0	411.3	230.0	22.0
Women Using Contraception (%)	2017	25.0	35.3	62.1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2009	4.7	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2009	25.2	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2010	40.0	50.6	67.7	...
Access to Safe Water (% of Population)	2015	68.5	71.6	89.1	99.0
Access to Sanitation (% of Population)	2015	21.8	51.3	57	69
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	4.0	39.4	60.8	96.3
Incidence of Tuberculosis (per 100,000)	2016	407.0	3.8	1.2	...
Child Immunization Against Tuberculosis (%)	2016	74.0	245.9	149.0	22.0
Child Immunization Against Measles (%)	2016	49.0	84.1	90.0	...
Underweight Children (% of children under 5 years)	2010	23.5	76.0	82.7	93.9
Prevalence of stunting	2010	40.7	20.8	17.0	0.9
Prevalence of undernourishment (% of pop.)	2015	58.6	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	2.1	2.7	3.1	7.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2016	105.7	106.4	109.4	101.3
Primary School - Female	2016	91.5	102.6	107.6	101.1
Secondary School - Total	2016	15.4	54.6	69.0	100.2
Secondary School - Female	2016	12.0	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2016	19.1	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2010	36.8	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2010	50.7	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2010	24.4	53.4	75.2	99.0
Percentage of GDP Spent on Education	2011	1.2	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	2.9	8.6	11.9	9.4
Agricultural Land (as % of land area)	2015	8.2	43.2	43.4	30.0
Forest (As % of Land Area)	2015	35.6	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2014	0.1	1.1	3.0	11.6



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

last update :

May 2018

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

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

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

ANNEX II: BANK PORTFOLIO IN CAR

Sector	Project Name	Approval Date	Closing Date	Net Commitments (MUA)	Disbursed Amounts
A. NATIONAL PROJECTS					
Social	Youth and Women’s Socio-economic Reintegration Support Project - PARSEJF (CAR)	25-May-16	28-June-19	0.70	0.26
	Grassroot Community Rehabilitation Support Programme - Phase 1 (ADF)	24-June-15	31-Dec.-19	9.55	7.02
	Grassroot Communities Reconstruction Support Programme (complementary financing)	2-May-18	31-Dec.-21	6.36	0.00
	Grassroot Communities Rehabilitation Support Programme Phase 1 (TSF)	24-June-15	31-Dec.-19	5.00	3.30
	Grassroot Communities Rehabilitation Support Programme - Phase 1 (RWSSI)	24-June-15	31-Dec.-19	0.46	0.22
	Sub-Total			15.21	10.8
Agriculture	PPF – Support Project for Value Chains Development and Youth Entrepreneurship Promotion in the Agricultural and Agri-Business Sector (PASTAC-PEJA)	8-Aug-17	28-Jan-19	1.00	0.05
	Sub-Total			1.00	0.50
	Support for Statistics and DRSP2 (2011-2018) Implementation	1-Nov.-12	30-June-18	1.35	1.30
	Targeted Technical Support for Capacity-Building	25-Feb.-11	31-Dec.- 19	1.26	0.50
	Capacity-Building for Mining Sector	27-Jan.-11	31-Dec.- 19	0.35	0.35
	Economic and Financial Strengthening Support Project (PAREF I)	30-Jan.-18	31-Dec.-20	7.00	7.00
	Sub-Total			9.96	9.15
	First Water and Sanitation Programme for Bangui and Four Prefectures (GEF)	3-Dec.-15	31-Dec.-19	4.95	0.69
	Rural Drinking Water Supply	5-Dec.-16	31-Dec.-19	4.20	0.05
	Sub-Total			9.15	0.74
SUB-TOTAL NATIONAL PROJECTS				35.82	21.19
B. MULTINATIONAL PROJECTS					
Environment	Programme to Rehabilitate and Strengthen the Resilience of Lake Chad Basin Systems in CAR	17-Dec.-14	30-Sept.-19	2.19	0.57
	Sub-Total			2.19	0.57
ICT	CAB Project – CAR Component		30-Dec-22	13.22	0.00
SUB-TOTAL MULTINATIONAL PROJECTS				15.41	0.57
TOTAL				51.23	21.76

ANNEX III: KEY RELATED PROJECTS FINANCED BY THE BANK AND OTHER DEVELOPMENT PARTNERS IN THE COUNTRY

Brief description of past Bank Group activities in the sector

At end-April 2018, the Bank's active portfolio comprised 14 public sector operations for an overall amount of UA 51.23 million. The portfolio distribution, which does not have any private sector project, is as follows: twelve (12) national projects and two (2) regional operations. Operations are financed by ADF-13, the Transition Support Fund (TSF), RDWSSI and the Global Environment Facility (GEF). The portfolio is being implemented in an unstable political environment and in a security context characterized by the occupation of three-quarters (¾) of the country by rebel factions. Under the circumstances, project activities are preferably located in safe zones to guarantee proper implementation with real impacts for the beneficiary population.

With regard to the agricultural sector, a PPF and emergency Grant for food security, drinking water and sanitation are being implemented. Details of these two projects are found in the following table:

Project Name	Amount (MUA)	Approval Date	Disbursement Rate (%)	Implementation Progress
PPF for the preparation of a Support Project for the Strategy to Transform the CAR Agriculture and Promote Youth Entrepreneurship in Agriculture and Agri-business	0.998.523	8/8/2017	4.92	Ongoing
Emergency grant for food security, drinking water and sanitation	0.71	25/10/2017	100%	Ongoing

Brief description of development partners' activities in the country

In the country's post-conflict situation, most donors still invest mainly in the rehabilitation of infrastructure and in emergency actions among the population by providing food products. However, many international partners are now formulating or launching new development-oriented intervention strategies, programmes and projects which are complementary to the **Savannah-Based Agricultural Value Chains Development Support Project (PADECAS)**. They are, in particular,:

- i) **The World Bank.** (i) Emergency food response project in partnership with two NGOs: Catholic Relief Services and *Cooperazione Internazionale*; (ii) the Agro-Pastoral Revival Project identified in November 2010; and (iii) the Community Development Project, at commencement stage. Close coordination is necessary with the first two interventions to create synergy and avoid duplication and competition for the country's already scarce human and material resources.
- ii) **IFAD/AfDB.** The Project to Revive Food Cultivation and Small Livestock in the Savannah (PREVES) which aims to strengthen food security and increase poor rural farmers' incomes in four sub-prefectures in the savannah region.
- iii) **European Union.** (i) the micro-construction, actions and investment project in 14 development poles including the SP of Bouar. Articulation with this project is necessary in terms of planning infrastructure, identifying competent small and medium size enterprises (SME) and ensuring complementarity for zones common to both projects; and (ii) emergency/food crisis project implemented by FAO.
- iv) **FAO.** (i) Technical Cooperation Project linked to NERICA rice research; (ii) the regional cassava project implemented in collaboration with the International Institute for Tropical Agriculture (IITA) on which PADECAS can rely technically; and (iii) emergency operations in the West and North-West of the country, particularly the Yaloke–Bouar axis to support decapitalized groups (supply of seeds, light equipment, development of small marshy areas). The lessons learned from these projects, especially in terms of identification and targeting of recipients of distributed kits, and supply of seeds and light equipment, will be used to refine the PADECAS intervention strategy.

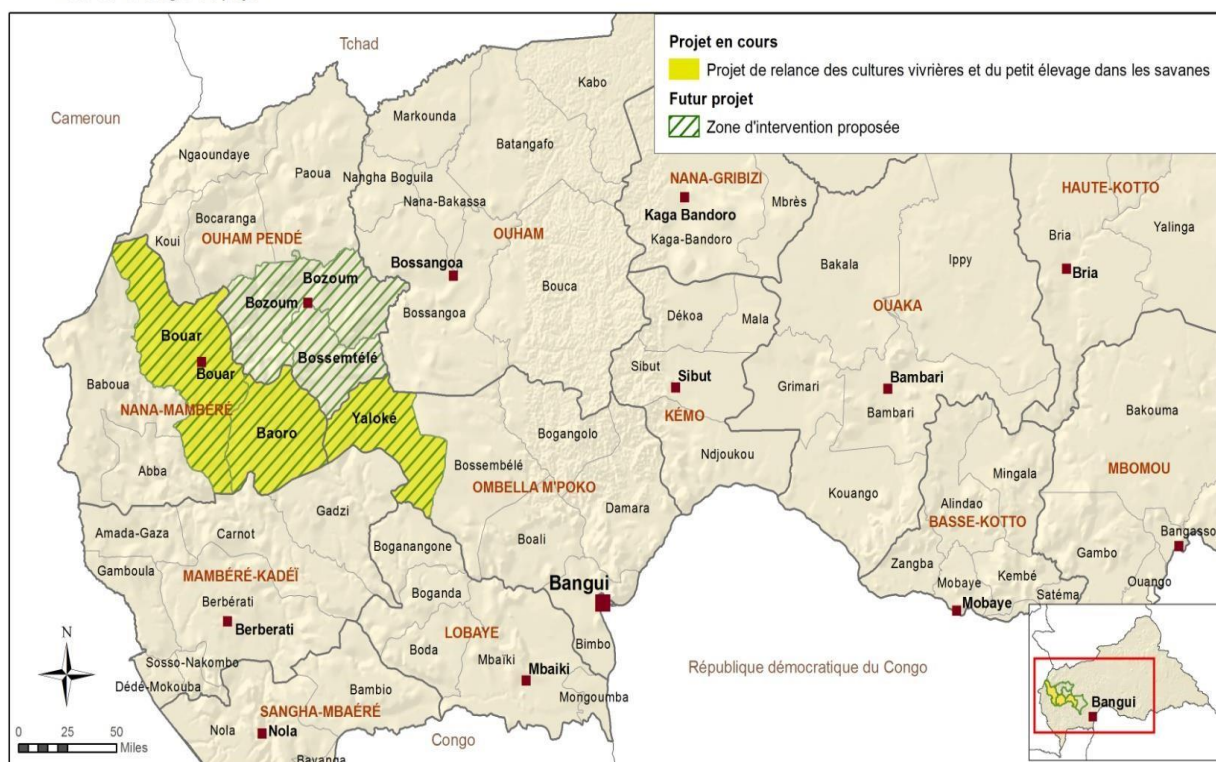
WFP. Organisation of maize purchases (Baoro) and “food for work” or “cash for work” actions, especially for the maintenance of agricultural service roads (LI works).

ANNEX IV: PROJECT AREA MAP

République centrafricaine

Activités financées par le FIDA

Note de stratégie de pays



Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.

FIDA Carte compilée par le FIDA | 03-04-2017