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Project Information Document (PID)

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Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP (P177816) – Additional Financing Request 1

BASIC DATA

A. Product Information

Main: Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP (P177816)

Operation ID P177816	Product/Financing Instrument Investment Project Financing (IPF)
Beneficiary Country/Countries	Geographical Identifier Eastern and Southern Africa

Practice Area (Lead)

Agriculture and Food

Borrower(s) African Union, The Federal Republic of Somalia, The Republic of Kenya, The Republic of Malawi, The Union of Comoros	Implementing Agency African Union Commission, Ministry of Agriculture & Livestock Development (MoALD), Kenya, Ministry of Agriculture and Irrigation (MoAI), Somalia, Ministry of Agriculture, Fisheries, Environment, Tourism and Handicrafts (MAPETA), Comoros, Ministry of Agriculture, Malawi
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Additional Financing Request 1

Estimated Appraisal Date 12-Aug-2024	Estimated Board Date 12-Sep-2024
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Development Objective

Original Development Objective (Approved as part of Approval package on 30-May-2023)

The objectives of the Project are to increase resilience of food systems and the Recipient's preparedness for food insecurity in Project areas, and, in case of an Eligible Crisis or Emergency, to respond promptly and effectively to it.

Components

- C1 (Re-)Building Resilient Agricultural Production Capacity
- C2 Supporting the Sustainable Development of Natural Resources for Resilient Agricultural Landscapes
- C3 Getting to Market
- C4 Promoting a Greater Focus on Food Systems Resilience in National and Regional Policymaking
- C5 Contingency Emergency Response Component (CERC)
- C6 Project Management



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Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP (P177816) – Additional Financing Request 1

COSTS & FINANCING (US\$, Millions)

SUMMARY

	Last Approved	Proposed	
		Addition	Total
Total Operation Cost	621.00	61.00	682.00
Total Financing	621.00	61.00	682.00
Of which IBRD/IDA	603.00	0.00	603.00

FINANCING DETAILS

World Bank Group Financing	Last Approved	Additional Financing	Total
International Development Association (IDA)	603.00	0.00	603.00
IDA Credit	150.00	0.00	150.00
IDA Grant	40.00	0.00	40.00
IDA Grant	150.00	0.00	150.00
IDA Grant	13.00	0.00	13.00
IDA Grant	250.00	0.00	250.00
Non-World Bank Group Financing			
Trust Funds	18.00	61.00	79.00
FoodSystems2030 Umbrella Program ^{NEW}	0.00	16.00	16.00
Sec Agr Commercialization and Resilience Enhancem MDTF ^{NEW}	0.00	45.00	45.00
PROBLUE MDTF	3.00	0.00	3.00
Global Agriculture and Food Security Program	15.00	0.00	15.00

IDA Resources

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Regional	0.00	165.00	0.00	0.00	165.00



The World Bank

Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP (P177816) – Additional Financing Request 1

Regional	100.00	0.00	0.00	0.00	100.00
National Performance-Based Allocations (PBA)	0.00	10.00	0.00	0.00	10.00
Regional	0.00	13.00	0.00	0.00	13.00
Regional	0.00	20.00	0.00	0.00	20.00
Crisis Response Window (CRW)	0.00	10.00	0.00	0.00	10.00
National Performance-Based Allocations (PBA)	0.00	85.00	0.00	0.00	85.00
National Performance-Based Allocations (PBA)	0.00	0.00	50.00	0.00	50.00
National Performance-Based Allocations (PBA)	0.00	50.00	0.00	0.00	50.00
Regional	0.00	100.00	0.00	0.00	100.00
Total	100.00	453.00	50.00	0.00	603.00

Other Decision (as needed)

B. Introduction and Context

Program and Parent Project Context

1. This project paper seeks the approval of the Regional Vice President (Eastern and Southern Africa) for additional financing (AF) of US\$61 million for the Malawi Food Systems Resilience Project (Malawi FSRP) under Phase 3 of the Multi-phase Programmatic Approach (MPA) Food Systems Resilience Program (FSRP) for Eastern and Southern Africa (P177816). The paper provides the context and rationale for the AF and describes how the Malawi FSRP will be restructured



The World Bank

Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP (P177816) – Additional Financing Request 1

and modified to make use of the additional resources. The paper also reflects the project's reallocation of US\$20 million to its Contingent Emergency Response Component (the CERC).

2. Phase 1 of the FSRP for Eastern and Southern Africa was approved by the World Bank Board of Directors on June 21, 2022, with US\$2.3 billion equivalent in IDA financing. The program development objective (PrDO) is to increase the resilience of food systems and preparedness for food insecurity in participating countries. Phase 1 provides financing for Ethiopia and Madagascar, as well as the Intergovernmental Authority on Development (IGAD) and the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA).

3. On May 31, 2023, a total of US\$903 million of IDA financing was approved by the World Bank Board of Directors for the second and third phases of the program. Phase 2 provides US\$300 million of national and regional IDA for Tanzania. Phase 3 provides US\$603 million of national and regional IDA to Kenya (US\$150 million), the Union of Comoros (US\$40 million), Somalia (US\$150 million), Malawi (US\$250 million), and the African Union (US\$13 million). At the same time, a Global Agriculture and Food Security Program (GAFSP) grant of US\$15 million and a Global Program for the Blue Economy (GPBE) grant of US\$3 million were processed under Phase 3 targeting Malawi and Comoros, respectively. Phases 2 and 3 brought the total MPA envelope to US\$2.75 billion. The financing agreement for the Malawi FSRP was signed on July 6, 2023, and the project became effective on November 1, 2023. As of May 31, 2024, Malawi FSRP disbursements were at 15 percent (US\$37.2 million), including a US\$20 million CERC disbursement that was used to import maize for humanitarian purposes in a context of acute food insecurity. The project is currently rated “satisfactory” and is expected to close on August 31, 2029.

Additional Financing Context

4. In November 2023, the Government of Malawi (GoM) requested World Bank activation of the FSRP’s CERC to address a food security crisis, reallocating US\$20 million to import maize for drought-affected communities. By May 2024, 20,417 metric tons (MT) of maize had been delivered, with 87% distributed. However, this left a US\$20 million shortfall for originally planned activities.

C. Proposed Development Objective(s)

5. The Malawi FSRP’s project development objective (PDO) is to increase the resilience of food systems and the country’s preparedness for food insecurity in project areas and, in case of an eligible crisis or emergency, to respond promptly and effectively to it.

Key Results

6. The five Program-level indicators are consistent with the MPA Program indicators, as listed below:

- Reduction in food insecure people in program-targeted areas
- Farmers adopting resilience-enhancing technologies and practices
- Land area under sustainable land management practices
- Increase in volume of agricultural production sold on domestic and regional markets
- Policy products related to agriculture, natural resources management, and food systems resilience adopted with program support



D. Project Description

Sources and Allocation of Additional Financing

7. The AF will serve three purposes. They are to (i) restructure the project to retroactively reflect the reallocation of US\$16 million to the CERC; (ii) scale up existing project activities, thereby increasing the number of beneficiary households and stakeholders; and (iii) undertake pilot design, implementation, and evaluation efforts to inform the government's Affordable Input Program (AIP) reform efforts. In relation to the AIP reform, the AF will support the preparation and implementation of pilot initiatives to test different ways of repurposing AIP funds for improving public expenditure efficiency and aligning agricultural stakeholders' incentives with the aims of moving towards food systems resilience and sustainability.

8. The AF will be financed from two different sources. US\$45 million will come from the Malawi Second Agriculture Commercialization and Resilience Enhancement Project Multi-Donor Trust Fund (AGCOM 2.0 MDTF), a standalone trust fund funded by the European Union, Ireland, Norway, and Belgium. Another US\$16 million will come from the Food Security 2030 Global Umbrella (FS2030). The AF will bring the Malawi FSRP budget to US\$326 million.

- **The AGCOM 2.0 MDTF grant will primarily be used to scale up the entire project.** The resources it will bring to the project will more than compensate for the reallocation of budgeted project funds to the CERC (before additional IDA resources become available under the next performance-based allocation [PBA] system). Thus, the grant will not only "replenish" the FSRP's original budget for Components 1–4, but also enable the project to be scaled up. The grant will be used to expand all Malawi FSRP activities over the project's remaining six years—with the exception of activities relating to strategic public facilities, and digital agriculture, which will receive additional support from FS2030. The grant will specifically enable the Malawi FSRP to undertake 105 new subprojects and reach an estimated 14,800 additional farming households. Thus, the AGCOM 2.0 MDTF funds will enable the project to further enhance the value of primary agricultural products, stimulate the creation of off-farm jobs, support the implementation of the ongoing land reform program, improve the institutional and policy environment for agricultural commercialization, and strengthen food systems resilience.
- **The FS2030 grant will support a deepening of support for agricultural policy reform and related digital and extension services under Components 1 and 4.** By helping the GoM reform the AIP, these funds aim to help free up the budgetary resources allocated to subsidize agricultural inputs and repurpose them to support the agricultural sector's productivity, commercialization, and climate resilience. The grant will enable the Malawi FSRP to reach an estimated additional 36,000 farming households.

Changes in Project Components and Costs

9. Component 1: (Re-)Building Resilient Agricultural Production Capacity (US\$45 million of which US\$24 million equivalent IDA, US\$2 million GAFSP, US\$4 million AGCOM 2.0 MDTF, US\$15 million FS2030). Component 1 funding will increase by 61 percent over the initial allocation to US\$45 million. Component activities will be scaled up and new activities will be initiated relating to agricultural research and innovation (Subcomponent 1.1), and digital agriculture (Subcomponent 1.2).



10. Component 2: Supporting the Sustainable Development of Natural Resources for Resilient Agricultural Landscapes (US\$88 million of which US\$74 million equivalent IDA, US\$2 million GAFSP, US\$10 million AGCOM 2.0 MDTF). Component 2 funding will increase by 9 percent over the initial allocation to US\$88 million. The increase in resources will allow a general scaling up of the component's irrigation-related activities. Specifically, the component will be able to develop an additional irrigation scheme and work with an additional (related) water user association. During project appraisal, a total of six gravity-fed schemes were shortlisted for project support. With the AF, the project may be able to support all of them (adding those in Mpamba and Lupenga), expanding the irrigated area by 1,082 hectares. A decision will be made once the procurement process for the initial four schemes is finalized.

11. Component 3: Getting to Market (US\$143 million of which US\$106 million equivalent IDA, US\$9 million GAFSP, US\$27 million AGCOM 2.0 MDTF). Component 3 funding will increase by 12 percent over the initial allocation to US\$143 million. The additional resources will enable the upscaling of already planned and ongoing activities. They will specifically allow the project to support more farmer organizations, productive alliances (PAs), and last-mile infrastructure. Activities will include the construction or rehabilitation of on-farm irrigation schemes, feeder roads and bridges, electric power installations, and other public infrastructure relevant to agrifood market access.

12. Component 4: Promoting a Greater Focus on Food Systems Resilience in National and Regional Policymaking (US\$13 million of which US\$8 million equivalent IDA, US\$2 million GAFSP, US\$1 million AGCO 2.0 MDTF, US\$2 million FS2030). Component 4 funding will increase by 30 percent (or 30 percent post CERC reallocation) to US\$13 million. The additional funds will allow this component to scale up and deepen its support for AIP reform. The AF will support three new activities, all relating to the piloting of alternative subsidy programs. They will involve: (a) working with the MoAI to design, roll out, and evaluate the AIP reform pilot, and in the process, helping to build the institutional capacity of the MoAI's Policy and Planning Department to carry out policy monitoring and analysis; (b) building the capacity of extension services to accompany the piloted e-voucher schemes; (c) undertaking an institution-wide needs assessment with the MoAI to identify institutional, technical, and regulatory gaps relating to the reform of the AIP and the upgrading of the ministry's digital systems.

13. Component 5: CERC (US\$20 million equivalent IDA). Component 5 has already seen its allocation increase from US\$0 to US\$20 million as a result of the CERC being triggered on November 21, 2023. The component has supported the government's procurement of 24,500 metric tons of fortified maize flour in support of the government's National Lean Season Response Plan.

14. Component 6: Project Management (increased to US\$20 million of which US\$18 million equivalent IDA, US\$2 million AGCOM 2.0 MDTF). Component 6 funding will increase by 11 percent (same as post CERC reallocation) to US\$20 million. There will be no qualitative change to this component.

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	Current Yes
Projects in Disputed Area OP 7.60	No



Summary of Screening of Environmental and Social Risks and Impacts

The proposed Additional Financing (AF) will support the Food Systems Resilience Program for East and Southern Africa-Phase 3 to Republic of Malawi, by increasing the resilience of food systems and the country's preparedness for food insecurity in project areas and, in case of an eligible crisis or emergency, to respond promptly and effectively to it. The AF will serve three purposes namely, to (i) restructure the project to retroactively reflect the reallocation of US\$16 million of budgeted project funds to the CERC; (ii) scale up existing project activities, thereby expanding the number of beneficiary households and stakeholders and strengthening National Agricultural Management Information Systems (NAMIS); and (iii) undertake efforts relating specifically to the government's possible reform of the AIP. In relation to AIP reform, the AF will support the design and implementation of pilot initiatives that will test different ways of repurposing AIP funds in ways that improve public spending efficiency and align agricultural stakeholders' incentives with the aim of moving toward food systems resilience and sustainability. Like the umbrella Food Systems Resilience Program of which it is a part, the Malawi FSRP has six components, all of which are under implementation. Component 1: (Re-)Building Resilient Agricultural Production Capacity. This component is developing national and regional information systems and agricultural technologies and services serving small farmers and other agrifood system stakeholders. Component 2: Supporting the Sustainable Development of Natural Resources for Resilient Agricultural Landscapes. In alignment with Malawi's National Irrigation Policy and Master Plan, and using a landscape approach, this component is financing the rehabilitation of medium- to large-scale irrigation schemes infrastructure and gender responsive technical assistance for the management of their catchment areas. Component 3: Getting to Market. This component is supporting producer organizations (POs), productive alliances (PAs), and last mile infrastructure in order to improve agrifood producers' access to domestic and international markets and enhance physical and economic access to sufficient, safe, and nutritious food. Component 4: Promoting a Greater Focus on Food Systems Resilience in National and Regional Policymaking. This component is building the government's institutional and technical capacity to reform policies relating to agricultural commercialization and climate resilience with a focus on both policy development and implementation capacity. Some of the regulatory documents to be prepared or updated include the agricultural research policy, the horticulture strategy, the contract farming policy, the livestock breeding strategy, the apiculture strategy, and the e-commerce strategy. Component 5: Contingent Emergency Response Component has supported the government's procurement of 24,500 MT of fortified maize flour in support of the government's National Lean Season Response Plan. Component 6: Project Management. The AF will bring about positive benefits such as increasing rural employment opportunities and improving rural livelihoods through improved agricultural productivity. Its positive environmental outcomes include resilient and sustainable water supply for productive food system and water and soil moisture conservation and soil health investments. AF activities have potential to lead to land acquisition and possibly result in loss of livelihoods, however, physical displacement is not anticipated. Support to Agricultural infrastructure investments, irrigation schemes, water points, market infrastructure, and small feeder roads pose E&S risks and impacts associated with project activities have been identified as the following: risks associated with land acquisition, poor labor conditions and child labor, OHS, waste generation, hazardous material management, noise and vibration, wastewater discharges and air quality as well as community H&S including transmission of communicable diseases, such as HIV/AIDS, COVID 19, etc., sexual exploitation and abuse (SEA) and sexual harassment (SH) and other forms of gender-based violence (GBV). Other potential social risks could be related to: operational concerns due to remoteness and insecurity, including monitoring and supervising social and environmental risks including grievance management; security issues in some of the project countries that may require the use of security services; and weak implementation capacity especially at grassroots level with limited functional structure and trained manpower. Other risks and impacts include those associated with the operational phase of these improvements/new construction/rehabilitation as well as with the subprojects of the matching grant program: beneficiary selection, child



and forced labor, poor labor conditions, occupational health and safety, water and energy consumption, hygiene and food requirements, land, waste and water management, the use of pesticides, manure and veterinary waste management. ESS1, ESS2, ESS3, ESS4, ESS5, ESS6, ESS8, , ESS10 are applicable and instruments including ESCP, ESMF, RPF, SEP and LMP were updated to reflect AF activities.

E. Implementation

Institutional and Implementation Arrangements

15. The implementation arrangements for the proposed AF will not change, although more resources will be devoted to institutional strengthening and capacity building. The capacity of the AGCOM 1.0 project implementation unit (PIU) will be enhanced by hiring additional technical and administrative staff, including an irrigation engineer, agribusiness/MSME¹ value chain expert, technical specialists a matching grant program administrator. The project operational manual (POM) will be updated no later than one month after the AF becomes effective. With respect to the AGCOM 2.0 MDTF, the project will establish a donor coordination mechanism under which the World Bank will provide the donors all information relevant to evaluating AGCOM 2.0 MDTF activities.

Environmental and Social

16. The project was prepared and is being implemented in accordance with the Environmental and Social Framework (ESF). The PIU is already familiar with the ESF but the PIU's capacity for environmental and social management was strengthened to handle the Malawi FSRP's expanded scope (compared to AGCOM 1.0), with the hiring of one occupational health and safety (OHS) officer and one gender and social inclusion officer.² While the AF will increase the project's scope and outreach even further, and scale up NAMIS, it will not introduce new environmental and social risks and the PIU's capacity to manage them is adequate—provided the project management component is adequately resourced to handle monitoring and supervision activities.

Highlighted Risks

17. The overall risk remains substantial. The client has demonstrated its capacity to implement the project and achieve results. The risks of political instability and weak institutional capacity will be mitigated through the definition of clear operational responsibilities and well-specified tasks, budgets, and deliverables for participating line ministries and departments.

18. Fiduciary, environmental, and social risks continue to be substantial. One AF-related social risk that could persist comes from the possibility that the benefits of AIP reform would not be convincingly communicated to the stakeholders and that widespread or concentrated opposition to policy reforms mount and stymie its realization; or that similarly widespread or intense opposition mount in response to policy reform after the fact. These risks will be mitigated through the systematic involvement of communities and stakeholders in the design and implementation of the pilot activities, and the development of an interactive communication plan that ensures transparency and multidirectional feedback. Another risk relates to the potential unintended misuse of farmer data down the line, including biometric data, if it is not

¹ MSME = micro, small, and medium enterprise.

² The PIU already has an environmental standards specialist and a social standards specialist.



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Food Systems Resilience Program for Eastern and Southern Africa (Phase 3) FSRP (P177816) – Additional Financing Request 1

properly managed, regulated, and safeguarded. Digitization also has the potential to accentuate inequality among farmers (for example, based on human capacity, gender, farm size, and more). This risk will be mitigated through efforts to anticipate and correct for differences to access, use, and benefit from digital technology.

19. Political and governance risks are substantial. There might be resentment to the policies proposed and other political developments that might weaken government commitment. This risk will be mitigated by close cooperation with the government and demonstration of the benefits of improved subsidy design.

20. Technical risks are substantial. This rating reflects the possibility that the AIP reform pilot could be undermined, or its findings confounded, by any number of unexpected series of events (ones interfering, for example, with the delivery of inputs, the functioning of vouchers, the regular use of inputs or the cropping season, or the timing of the pilot). Technical risks will be mitigated by building the capacity of the PIU to absorb increased workload, engage efficiently in procurement, and effectively manage unexpected circumstances; and by developing responsive digital platforms.

CONTACT POINT

World Bank

Tomas Ricardo Rosada Villamar

Senior Agriculture Economist

James Muli Musinga

Senior Agriculture Economist

Bobojon Yatimov

Senior Agriculture Specialist

Mampionona Amboarasoa

Senior Agriculture Economist

Sachiko Kondo

Senior Natural Resources Management Specialist

Borrower/Client/Recipient



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African Union

Godfrey Bahiigwa
Director
BahiigwaG@africa-union.org

The Federal Republic of Somalia

Elmi Mohamed Nur
Minister
minister@mof.gov.so

The Republic of Kenya

Chris. K. Kiptoo
Dr
ps@treasury.go.ke

The Republic of Malawi

MacDonald Mwale
Dr.
mmafutamwale@gmail.com

The Union of Comoros

Ahmed Yahya Houmadi
General Secretary
ahoumadi_y@yahoo.fr

Implementing Agencies



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African Union Commission

Godfrey Bahiigwa
Director
BahiigwaG@africa-union.org

Ministry of Agriculture & Livestock Development (MoALD), Kenya

Phillip Kello Harsama
Dr
psagriculture@kilimo.go.ke

Ministry of Agriculture and Irrigation (MoAI), Somalia

Ahmed Mathobe Nuunow
Minister
minister@moa.gov.so

Ministry of Agriculture, Fisheries, Environment, Tourism and Handicrafts (MAPETA), Comoros

Soule Hamidou
Dr
soulehamidou@yahoo.fr

Ministry of Agriculture, Malawi

Teddie Nakhumwa
Dr.
nakhumwateddie@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Tomas Ricardo Rosada Villamar, James Muli Musinga, Bobojon Yatimov, Mampionona Amboarasoa, Sachiko Kondo
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Approved By

Practice Manager/Manager:		
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Country Director:	Boutheina Guermazi	03-Oct-2024
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