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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 16-Mar-2024 | Report No: PIDA0211



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Chad	WESTERN AND CENTRAL AFRICA	P179238	Chad Agribusiness and Rural Transformation Project
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	12-Mar-2024	12-Apr-2024	Agriculture and Food
Borrower(s)	Implementing Agency		
Republic of Chad	Ministry for Agricultural Production and Transformation		

Proposed Development Objective(s)

The project Development Objective (PDO) is “to improve the resilience , competitiveness , and inclusiveness of selected agricultural value chains in project intervention areas in Chad”

Components

- Component 1: Institutional Strengthening and Enabling Agribusiness Development
- Component 2: Promoting Inclusive and market-led climate-smart Production
- Component 3: Access to Market, Finance, and Value Addition
- Component 4: Contingency Emergency Response Component
- Component 5. Project Coordination, Management, Monitoring and Evaluation

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	Yes
Is this project Private Capital Enabling (PCE)?	Yes

SUMMARY

Total Operation Cost	181.25
Total Financing	181.25



of which IBRD/IDA	150.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	150.00
IDA Grant	150.00

Non-World Bank Group Financing

Counterpart Funding	11.50
Borrower/Recipient	1.74
Local Beneficiaries	9.76
Commercial Financing	19.75
Unguaranteed Commercial Financing	19.75

Environmental And Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- Chad is a large (1,284,000 km²), landlocked Sahelian country with a population of 17.7 million inhabitants in 2022, 78 percent of whom live in rural areas.** In recent years, the country's economy has been under severe stress. Following the 2014-2015 oil price shock (oil constitutes about 20 percent of GDP, 35 percent of revenue, and 75 percent of exports), Chad experienced negative growth in 2016 and 2017. A modest economic recovery in 2018 and 2019 was reversed in 2020 by the impact of the COVID-19 pandemic, and the setback was accentuated in 2021 by political uncertainties and a shortfall in oil production. The recovery in 2022 was a modest 2.2 percent due to inadequate



rainfall distribution and severe floods.¹ Such economic disruptions due to adverse weather events are likely to remain a recurrent phenomenon in the future due to climate change.

2. **Chad is considered the world's most vulnerable country to the adverse effects of climate change and the least resilient (NDGAIN 2023)**². Precipitation is highly variable from year to year, as well as from one decade to another. In addition, temperatures have increased by 0.8° Celsius countrywide since 1975, with potential for reducing crop harvests and pasture availability, and for amplifying the impact of droughts. These climatic changes are exacerbating the negative trends in per capita food production. This is, in turn, significantly contributing to food insecurity and malnutrition. For instance, during the period of June - August 2023, about 1,864,000 individuals were projected to need food assistance. Over the past three years, Chad's global acute malnutrition averaged 11.5 percent, and severe acute malnutrition averaged 2.1 percent³. Indeed, 31% of children under 5 are chronically malnourished (stunted); 10% of children under 5 suffer from acute malnutrition (wasting). Micronutrient deficiencies are also prevalent where 46% of pregnant women and 46% of non-pregnant women have anemia. Persistent food insecurity and malnutrition are stymying the country's efforts to eradicate poverty which remains very high.
3. **Chad is one of the poorest countries in the world, with a GDP per capita estimated at US\$ 715.52 in 2023** It was ranked 189th out of 193 countries on the United Nations Human Development Index in 2022 Chad's extreme poverty rate (US\$ 2.15/day per capita, 2017 Purchasing Power Parity) was estimated at 38.7 percent in 2022, corresponding to 6.8 million people. There are several deep-rooted structural factors contributing to Chad's poor outcomes, including a high population growth rate. Chad's rapid population growth rate of 3.3 percent (on average) places enormous strain on per capita economic growth. For instance, whereas annual GDP growth averaged +0.3 percent over the past six years, per capita income fell by -2.9 percent annually over the same time period. Apart from vulnerability to climate change already cited above, other constraints to sustained economic and social development include oil dependence and poor oil management, weak governance and transparency, poor trade networks, weak human capital investment, a large infrastructure gap, and insecurity and fragility.
4. **Chad is classified as fragile and, in a conflict-affected situation and a host country for refugees.** Fragility and insecurity have risen sharply since 2015 due to the proliferation of both internal and external drivers. Internal drivers of fragility include political, social, and economic grievances, and inter-communal tensions that are exacerbated by increasing natural resource scarcity and climate change. Following the death of the president on 20 April 2021, the military instituted transitional authority. The first 18-month transition period was renewed in October 2022 after a national dialogue and signing of a peace accord with 40 armed groups. However, several nonstate armed groups have remained active around the country. Nonetheless, the authorities held successfully a constitutional referendum on December 16, 2023 and presidential elections are expected to take place on May 6, 2024. External sources of risk include spillovers from regional conflicts which have induced massive, forced human displacement. The resumption of the conflict in Sudan in April 2023 has serious political, macroeconomic and humanitarian consequences with the forced displacement of hundreds of thousands of people. As of September 2023, the country was hosting nearly 1,002,552, refugees and asylum seekers 381,300 internally displaced persons mostly in the Lake Chad region (United Nations High Commission for Refugees – UNHCR, 2023). The largest refugee populations are from Sudan (900,000 in Eastern Chad, Central African Republic (125,423 along Southern border, Cameroon (25,546) and Nigeria (20,951) living around Lake Chad (see Map 1 Annex.7). In Eastern Chad, many of the refugees live in the main camps or in surrounding villages of host communities Many of the Sudanese refugees have remained in Chad for over 15 years. Host and refugee populations have similar livelihood strategies, mostly based on irrigated agriculture, herding, small trade and services, the arrival of refugees is putting pressure on scarce natural resources. Refugee-hosting areas are affected by

¹ Macro Poverty Outlook - World Bank, April 2022

² <https://gain.nd.edu/our-work/country-index/>. NDGAIN stands for Notre Dame Global Adaptation Initiative.

³ <https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155350/>



food insecurity which in turn increases the fragility in these areas.

5. **The socioeconomic inclusion of refugees represents a sharp development challenge for Chad, requiring a long-term approach.** Refugees face specific difficulties in gaining access to limited arable land on favorable terms. This keeps refugees highly dependent on humanitarian services (including food aid), mainly provided in camps. A large number of female-headed households face problems in pursuing livelihoods to achieve food security. A combination of climatic, demographic, and structural barriers impedes improvements to local food production and livelihoods.⁴ Addressing these challenges requires investments in infrastructure for production, market development, and connectivity. The World Bank, after consultation with the United Nations High Commissioner for Refugees (UNHCR), confirms that the protection framework for refugees continues to be adequate in Chad. The Government of Chad has taken some important measures to strengthen its legal and institutional framework for refugees, notably through the asylum law, adopted on December 23, 2020, promulgated under decree number 27, on December 31, 2020, and its implementing decree promulgated by decree 486 of April 25, 2023. The new legal framework gives refugees the same rights as Chadian citizens, except for political rights. It states the right of access to land and the securing of allocated land, the policy of alternatives to the camp, and villagization as a means of promoting self-sufficiency and local integration. It affirms the freedom of movement and the right of refugees to settle in places suitable to their empowerment. The decree confers on the refugee identity card the value of a residence permit. Chad's continuing eligibility for support through the Window for Host Communities and Refugees (WHR) was confirmed in IDA19 and maintained through IDA20⁵ and underlined most recently by the latest Refugee Policy Assessment (RPA) from UNHCR (dated February 13, 2024.) In addition to recognizing the adequacy of the Refugee protection framework, the RPA highlights one of the pledges made by the Chadian Government during the 2023 Global Refugee Forum to "facilitate access to employment from the private sector and grant and secure 30,000 hectares in refugee-hosting areas for agro-pastoral activities." .
6. **In order to tackle the country's immense economic development challenges, the Chadian Government adopted a National Development Plan (*Plan National de Développement* – PND, 2017-2021) which prioritizes agricultural industrialization as well as boosting agricultural exports to reduce dependence on oil exports.** This plan is intended to operationalize "Vision 2030, *The Chad We Want*", which aims at tripling the country's average GDP per capita by 2030. The Plan emphasizes the rural sector as a key driver of Chad's economic growth and an essential ingredient for the country's food and nutrition security. This is further expounded in the National Rural Sector Investment Plan (*Plan National d'Investissement du Secteur Rural* – PNISR, 2016-2022) which aims at: (i) promoting adaptation to climatic change and strengthening resilience; (ii) developing rural infrastructure and improving access to input and output markets, equipment, and finance; (iii) adding more value to Chadian products and making them more competitive; (iv) improving food and nutritional security; and (v) enhancing the integration of young people and women into agricultural production systems.

Sectoral and Institutional Context

7. **Agriculture (crops and livestock) remains the backbone of the Chadian economy, contributing 54 percent to GDP in 2021 and 75 percent to employment in 2019.**⁶ The predominant crops are cereals which are oftentimes intercropped with legumes, roots, and tubers, and mostly cultivated for household consumption. Cereal prices have increased by 30 – 40% between 2016 and 2021, in part due to erratic weather pattern which impacted production. For cash crops,

⁴ Further details on the context for host communities and refugees in Chad are provided in Annex 6.

⁵ As per IDA20 WHR guidelines, the updated Strategy note of the Chadian Government describing the concrete steps towards long-term development solutions for HCR was finalized on February 27, 2023, for the first WHR-funded project of the IDA20 cycle (Chad Territorial Development and Resilience Project, P177163).

⁶ World Bank



cotton had been Chad's flagship export, but now falls behind sesame (US\$ 33.8 million in exports in 2019) and gum arabic (US\$ 21.5 million in exports in 2019) in comparative advantage.⁷ Groundnuts (15 percent of cropped area) are another important crop. On a comparatively smaller scale, Chad produces mangos, dates, and collect fruits and wild plants, particularly shea nuts. However, there is little value-addition or exports among these commodities. Livestock is another important sector. According to 2021 data from FAO, Chad, which is the fourth largest producer in Africa, possessed 43.7 million goats, 41.8 million sheep, 33.3 million cattle, 9.4 million camels, and 26.6 million poultry.⁸ Chad also possesses significant fish resources. Lake Chad, which is shared between Chad, Niger, Nigeria, and Cameroon, is the largest water body (nearly 25,000 km² in periods of high water) and has a production capacity of 50,000 – 150,000 tons of fish per year.⁹ The other four smaller lakes are Iro, Léré, Fitri, and Fianga. But despite agriculture's importance in the economy and its immense agribusiness opportunities, the sector is characterized by major weaknesses, and include, among others: (i) very high vulnerability to climate change; (ii) very low crop productivity; (iii) poor value chain structuring; (iv) inefficient marketing systems and high post-harvest spoilage due to extreme weather events; (v) a weak agribusiness sector and inadequate and low-quality processing infrastructure; (vi) inadequate access to credit; in particular for smallholder farmers (vii) policy, regulatory, and institutional frameworks that are not conducive for nurturing value chain development and CSA; and (viii) gender inequality. The following is a succinct summary of these key constraining factors.

8. **First, low use of climate smart seeds (less than 5 percent), low fertilizer use (less than 2.5 percent), and limited use of other climate smart agricultural practices has contributed to very low productivity.** Limitations to their use include: (i) inadequate seed multiplication and distribution systems; (ii) unaffordability by smallholder farmers; (iii) lack of mechanisms, such as a National Seed Fund, for financing security seed stocks for use in times of calamity, and to compensate affected seed producers; (iv) inadequate facilities and limited parent stock of improved breeds (e.g., poultry); (v) low capacity for production and distribution of quality fish fingerlings; (vi) low coverage of the extension service, etc. There is a lack of physical infrastructure, e.g., laboratories and training centers, to enhance and disseminate knowledge and climate-smart agricultural technologies and practices.
9. **Second, the agricultural sector lacks structured mechanisms for fostering collective and collaborative action and knowledge sharing among farmers, as well as between farmers and other value chain actors.** Farmers' organizations are weak, and Productive Alliances are only getting introduced into the country or are absent. Also, Information and Communication Technologies (ICT) for knowledge dissemination, such as e-extension, needs scaling up given the low coverage and poor funding of the current government-run extension service.
10. **Third, the evolutionary pace of Chad's agricultural value chains continues to be slowed down by the lack of appropriate market infrastructure and post-harvest handling of farm output.** Post-harvest infrastructure can facilitate various processes including drying, de-husking, cleaning, polishing, sorting, and temperature control which enhances quality and adds value. They can also facilitate access to short-term finance through Warehouse Receipt Systems.
11. **Fourth, the agribusiness sector remains small and very weak.** Apart from capital investments, these agribusinesses also lack skills and reliable market information for improving their overall strategic and operational performance, as well as their competitiveness. In addition, there is a need for maintaining adequate food safety standards that are in sync with the evolving market demands and to diversify into new products.

⁷ World bank, 2021. Playing to its strengths: A country private sector diagnostic for Chad, 72 p.

⁸ <http://www.fao.org/africa/news/detail-news/en/c/1128900/>

⁹ Raimond, Christine et al.. Le Tchad des lacs : Les zones humides sahéliennes au défi du changement global. Marseille: IRD Éditions, 2019.



12. **Fifth, even though agriculture is the most important source of income for most of the population, it receives only 2.2 percent of financial sector credit (see Annex 8 for Financial Sector Assessment).** Some of the reasons include the sector's perceived risks (increasingly accentuated by climate change) and lack of suitable collateral, high transaction costs for services to micro, small, and medium enterprises (MSMEs), limited demand for finance, and lack of expertise within financial institutions for managing agricultural loan portfolios, among other factors. Innovations such as credit secured by stored grain and credit guarantees could help alleviate some of these constraints. For major transformative investments, public-private partnerships could be considered. The inadequate access to credit limits the adaptive capacity of farmers to climate change, and thus manifest vulnerability.
13. **Sixth, the agribusiness sector is constrained by several inadequacies in the policy and regulatory environment, shortcomings in Government service delivery, and lack of basic auxiliary agribusiness support services.** Examples of elements which could help to improve the agribusiness environment include: (i) strengthening plant protection enforcement frameworks to improve food safety; (ii) better propagation and enforcement of grades and standards, especially for key exports such as sesame and processed products; and (iii) critical auxiliary support services, such as business advisory and support services on the establishment, registration, and strategic planning of agribusinesses.
14. **Seventh, gender inequality remains very high.** In 2022, Chad had a gender inequality index of 0.6712, and was ranked as number 163 out of 166 countries.¹⁰ Women are particularly active in the groundnut, mango, fish, shea butter, and dairy value chains. But they face major difficulties in accessing: (i) farming equipment; (ii) extension services; (iii) agricultural inputs such as certified seeds, fertilizer, and crop protection materials; and (iv) financial services. As a result, women-headed households have 40 percent lower productivity than male-headed households and earn less income. Although women own 57 percent of non-farm enterprises, they make 77 percent less profit than enterprises owned by men because of lack of access to business advisory services and, finance.¹¹ In addition, women entrepreneurs, on average, have less access to electricity, running water, machinery, and telephones for their businesses.
15. **Eighth, there is a need for greater inclusion of various segments of society in the development process, including RHC (Refugees and Host Communities).** It is established that many refugees who stay in a host country for a long period prefer more sustainable means of meeting their needs instead of relying on humanitarian support. Therefore, the project aims to enhance collaboration with humanitarian agencies to reduce the future scale and costs of food aid distribution and to improve local food security by strengthening local agricultural production that would also benefit RHC households. Specific needs of refugees and host communities pertinent to the project identified during project preparation by WFP and UNHCR are (i) refugees' access to land, (ii) access to agricultural inputs, (iii) income generation through revenues-generating activities, all contributing to food and nutrition security. Integrating refugees and host communities as economic agents in the development of agricultural value chains would not only reduce the burden on humanitarian agencies, but would also reduce potential friction between refugees and host communities particularly over access to land, water, etc.
16. **In view of the above multifaceted nature of constraints and challenges stunting agribusiness development, the government envisages an integrated approach for agribusiness promotion.** This approach includes: (i) improving the institutional and regulatory framework and strengthening support services to stimulate private investment; (ii) facilitating smallholder access to climate-smart agricultural practices and markets; (iii) encouraging private sector participation in value addition and overall value chain development. The government has, therefore, requested the World Bank's support in implementing this vision in the form of an Agribusiness and Rural Transformation Project.

C. Relevance to Higher Level Objectives

¹⁰ United Nations Development Program, Human Development Reports, 2021

¹¹ <http://globaldev.blog/blog/gender-inequality-chad-and-impact-covid-19>



17. **The proposed project is aligned with the Government's development strategies.** It is consistent with the government's overall goals outlined in its "*Vision 2030: The Chad We Want*", of transforming Chad through modernization and diversification, with the private sector playing a central role. It is also aligned with the third pillar of the National Development Plan (PND 2017-2021), currently in use, which aims at "developing a diversified and competitive economy".
18. **The proposed project is also aligned with the World Bank's ongoing strategies.** It is aligned with the *Western and Central Africa Regional Strategy*, especially Goal 2 – Promoting job creation, and Goal 4 – Promoting "climate resilience".¹² It is also consistent with the FY23-24 *Country Engagement Note for Chad* approved in November 2022,¹³ especially Objective 4 regarding "promoting natural resource management and sustainable agriculture". The *Systematic Country Diagnostic*,¹⁴ approved in April 2022, underscored the importance of: (i) encouraging private sector participation in key agricultural input markets and supporting climate-smart agricultural practices; (ii) ensuring sustained agricultural productivity growth through innovation; and (iii) adopting sector-specific policies to incentivize private investment.
19. **The proposed project also operationalizes key elements of the WBG Strategy for Fragility, Conflict, and Violence (FCV), 2020-2025, the Prevention and Resilience Allocation (PRA) and the Global Crisis Response Framework.** Specifically, it addresses two of the six high-priority issues outlined in the FCV strategy: (i) creating jobs and economic opportunities; and (ii) building the resilience and preparedness of communities, including the ability to manage climate change and environmental degradation. The project also operationalizes the four pillars of the *World Bank Global Crisis Response Framework*: (i) Responding to food insecurity through supporting production, facilitating trade, and investing in sustainable food systems; (ii) Protecting People and Preserving Jobs to help mitigate the medium- to long-term impact of crises; (iii) Strengthening Resilience by identifying and supporting paths to build long-term resilience; and (iv) Strengthening Policies, Institutions and Investments for Rebuilding Better to enhance development outcomes. The project will also support some of the government's priorities under the PRA, in particular Strategic Objective 3 – Increase access to basic services and enhance local development strategies, especially in the rural, border, and conflict-affected areas", by improving access of RHC to livelihoods through their inclusion in the development of agricultural value chains, as well as Strategic Objective 4 – "Preventing and Managing Conflicts Linked to Governance of Natural Resources", which it addresses through agricultural intensification to counter agricultural extensification and reduce conflicts over land.
20. **The project will support Chad in achieving its Nationally Determined Contribution (NDC) and contribute to efforts of climate change mitigation and adaptation, and therefore consistent with Chad's climate change strategies.** In the latest update (2021) to its 2015 original NDC, Chad commits to a 19.3% reduction in its GHG emissions by 2030, compared to the business-as-usual scenario. Agriculture and forestry sector mitigation priorities in the NDC are based on the increase of carbon sinks in forestry (LULUCF). The project is aligned with these mitigation priorities through its support for promoting the adoption of climate-smart agricultural technologies (CSA) (Component 2) and support for institutional strengthening and creating an enabling environment for agribusiness development and mainstreaming of CSA (Component 2). Chad's NDC cites the development of adaptation actions in the agricultural sector with a view to ensuring food and nutrition security through an enhanced crop and livestock productivity, agroforestry and CSA (Chad's first National Adaptation Plan-NAP, 2022). It includes the promotion of improved crop varieties, improvement of animal breeds, and promoting green entrepreneurship for women and youths. The project will contribute to these

¹² The World Bank. Supporting a Resilient Recovery, The World Bank's Western & Central Africa Region Priorities 2021-2025, 2021.

¹³ The World Bank, International Development Association, International Finance Corporation, Multilateral investment guarantee agency

Country Engagement Note For The Republic of Chad for the period FY23-FY24, 2022

¹⁴ The World Bank, Boosting Shared Prosperity in a Landlocked Country Beset by Fragility and Conflict, SCD, 2022



adaptation efforts through its support for developing inclusive and market-led climate-smart production, especially for women, youth, smallholder farmers, refugees, and host communities (Component 2), for institutional strengthening and support services for agribusiness development (Component 1), and for support to increase climate-smart marketing infrastructures for selected value chains (Component 3). The project also responds to the agriculture sector priority interventions identified in the World Bank Country Climate and Development Report (CCDR) for Chad, which was part of the Sahel G5 CCDR's analysis. These include economic diversification in more inclusive, resilient, and lower-carbon ways through targeted investments, which the project will contribute to under Component 1, 2 and 3. The CCDR also prioritizes mainstreaming the use of early warning systems and hydro-meteorological information which the project will support under Components 2 and 3.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The project Development Objective (PDO) is “to improve the resilience , competitiveness , and inclusiveness of selected agricultural value chains in project intervention areas in Chad”

Key Results

PDO Level Indicators

21. **PDO Statement:** The Project Development Objective (PDO) is “to improve the resilience¹⁵, competitiveness¹⁶, and inclusiveness¹⁷ of selected agricultural value chains in project intervention areas in Chad”.

PDO Level Indicators

22. The Key Performance Indicators (KPIs) are:

- (i) People with enhanced resilience to climate risks (Number) (Female, Youths disaggregated) (*scorecard*)
- (ii) Increase of yields produced by targeted beneficiaries among selected value chains (Percentage) principally Sesame, Ground nut, and Maize
- (iii) Incremental sales in targeted value chains (Percentage)
- (iv) Share of selected commodities sold through new marketing channels (Percentage)
- (v) Beneficiaries satisfied with the project's interventions (Percentage) (female, youths, refugees, host communities' members, disaggregated)
- (vi) Project direct beneficiaries (Number) (female, youths, refugees, host communities' members, internally displaced people, disaggregated)

D. Project Description

Project Components

23. ProAGRI is composed of three major technical components which were judiciously selected to maximize synergy in

¹⁵ Resilience refers to adoption of climate resilient practices and technologies.

¹⁶ Competitiveness refers to improved productivity and sales performance.

¹⁷ Inclusiveness refers to mainstreaming women and youth concerns in the different segments of the targeted value chains and support to refugees and host communities.



addressing the most binding constraints to agribusiness development, as well as a contingency component and a project management component. Specifically, these relate to: (1) an enabling environment for agribusiness development; (2) inclusive market-led climate-smart production; (3) access to markets, finance, and value-addition; (4) contingency for responding to emergencies; and (5) project coordination, management, and monitoring and evaluation.

COMPONENT 1: INSTITUTIONAL STRENGTHENING AND ENABLING ENVIRONMENT FOR AGRIBUSINESS DEVELOPMENT (US\$ 11.28 MILLION OF WHICH US\$ 9.50 MILLION IDA, US\$ 0.74 MILLION GOVERNMENT, AND US\$ 1.04 MILLION BENEFICIARIES)

24. The main aims of Component 1 are: (i) better support for agro-enterprises by government agencies; (ii) a stronger seed sector; and (iii) an ecosystem of institutions, policies and regulations that collectively foster agribusiness development. This will be achieved by: (i) improving the institutional capacity – improved facilities, equipment, logistics, training – of participating government departments and affiliated agencies to enable them to deliver quality services to Agri-enterprises; and (ii) setting up agribusiness support frameworks and streamlining relevant policies and regulations for agribusiness promotion.

COMPONENT 2: PROMOTING INCLUSIVE AND MARKET-LED CLIMATE-SMART PRODUCTION (US\$ 53.63 MILLION OF WHICH US\$ 19.95 MILLION-IDA; US\$ 31.43 MILLION-WHR; AND US\$ 2.25 MILLION-BENEFICIARIES)

25. The main aims of Component 2 are: (i) higher productivity in targeted value chains to increase the availability of nutrient-rich food; (ii) improved resilience of production systems; (iii) improved alignment of agricultural output with market needs; and (iv) improved food availability. This will be achieved by: (i) promoting FPO-led CSA technology dissemination and adoption by their farmers; and (ii) enabling farmers to access quality inputs that enhance resilience to climate change among the selected value chains.

COMPONENT 3: SUPPORTING ACCESS TO MARKETS, FINANCE, AND VALUE ADDITION (US\$ 94.41 MILLION OF WHICH US\$ 60.82 MILLION-IDA; US\$ 6.37 MILLION-WHR; US\$ 1.00 MILLION-GOVERNMENT; US\$ 6.47 MILLION BENEFICIARIES; AND US\$ 19.75 MILLION-PFIS)

26. The main aims of Component 3 are to strengthen the capacity of agri-entrepreneurs and cooperatives to respond to market opportunities and increase sales in domestic and export markets by enhancing product quality and increasing value addition. The component will particularly focus on : (i) strengthening Chad's agribusinesses' marketing capacity by increasing their access to climate-smart marketing infrastructure, improving their marketing skills, enhancing product safety, and increasing their access to market information; and (ii) enhancing their access to finance including crowding-in private sector investments, and strengthening the linkages between producers and the financial sector.

COMPONENT 4: CONTINGENCY EMERGENCE RESPONSE (CERC) (US\$ 0.00 MILLION)

27. This component will enable the government to quickly mobilize funds in the event an of eligible emergency as defined in OP 8.00.¹⁸ An Annex to the Project Operations Manual ('CERC Annex') will be prepared to guide the activation and implementation of the CERC, and a CERC ESMF will be prepared within three months after grant effectiveness. The Project's ESMF includes the CERC E&S assessment and initial requirements. For the CERC to be activated, and financing

¹⁸ An eligible emergency is defined as an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters. Such events include a disease outbreak.



to be provided, the Government will need (i) to submit a request letter for CERC activation and the evidence required to determine eligibility of the emergency, as defined in the CERC Annex; and (ii) an Emergency Action Plan, including the emergency expenditures to be financed; and (iii) to meet the environmental and social requirements as agreed in the Emergency Action Plan and ESCP. WHR funds reallocated to the CERC will only be used to benefit refugees and host communities.

COMPONENT 5: PROJECT COORDINATION, MANAGEMENT, AND MONITORING AND EVALUATION (US\$ 21.92 MILLION OF WHICH US\$ 21.52 MILLION IDA; US\$ 0.40 MILLION WHR)

28. The objective of this Component is to ensure effective and transparent project management and M&E systems. The project will finance: (i) the operational costs for project management both at central and regional level; (ii) monitoring and implementing the requirements of the Bank's Environmental and Social Framework (ESF); (iii) monitoring and evaluation (M&E); (iv) communication and knowledge management of project activities; (v) citizen engagement activities and the project's grievance redress mechanism, among others.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

Yes

Projects in Disputed Area OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts

29. The key environmental and social concerns are related to: (i) small-scale civil work and use of pesticides, fertilizers, and other chemicals agricultural inputs; (ii) supporting phytosanitary and animal health services specific to sedentary livestock production systems, as this can involve the production of veterinary waste; (iii) capacity for implementing Warehouse Receipt Systems as this can involve civil work and waste production; (iv) possible exclusion of marginalized and vulnerable groups from project benefits, including youth and women; (v) physical and/or economic resettlement arising from the modernization and upgrading of existing warehouses and other facilities in case the current physical footprint of these needs to be increased and requires some limited land acquisition; (vi) insecurity may pose risks for the project activities in East and North areas. Potential impacts can be related to: (i) risks and impacts on water quality as well as dust, noise, air emissions, (ii) disposal and management of veterinary wastes and pesticide containers; (iii) occupational health and safety of workers; and (iv) water and biodiversity management that may due to opening of new fields for crop production and use of fertilizers and pesticide.

E. Implementation

Institutional and Implementation Arrangements

30. Project implementation will be the responsibility of the Ministry of Agricultural Production and Transformation (MPTA)¹⁹. A National Project Steering Committee (NPSC) chaired by the Minister of MPTA or their delegated

¹⁹ Ministère de la Production et de la Transformation Agricole



representative and with representation from the Ministries in charge of Livestock, Environment and Fisheries, Planning, Finance, Commerce and Industry, Gender, Youth, and from producer organizations and the private sector, will be responsible for providing the implementation team with technical guidance and approving annual work plans and budgets (AWP&B). The NPSC will convene at least twice a year.

31. There will be a PCU established within MPTA to lead day-to-day implementation of project activities. The PCU will be led by a competitively recruited National Coordinator. In order to implement the project over a vast territory as Chad, the PCU may establish regional representation to oversee day-to-day activities.

Phasing the Establishment of Implementation Arrangements

32. The PSC will be established and key officials of the PCU (Coordinator, Procurement Specialist, Financial Management Specialist) hired before effectiveness, and RCUs set up within 3 months after effectiveness.

Mitigating Against Weak Implementation Capacity

33. To mitigate the weak technical capacity of the country in implementing large operational projects, and mitigate against elite capture, technical assistance will be provided to support the implementation of key activities including (i) Warehouse Receipt System, (iii) Matching grants, PPPs, and FPO's structuring.
34. To ensure strong complementarity between the immediate, humanitarian financed interventions required to address food insecurity and the project's objectives of improving resilience, integrating, and developing market opportunities for higher value crops, the project will sign a Memorandum of Understanding (MoU) with the World Food Programme (WFP). WFP's experience in addressing food insecurity in protracted displacement situations in Chad, its close cooperation with other humanitarian agencies, notably UNHCR, provide a strong comparative advantage in building synergies with longer term development interventions. The MoU will cover all the tasks related to targeting of beneficiaries, negotiating, and securing land in partnership with the central government, local authorities and local landowners within reasonable distance from current refugee camps, implement and monitor activities related to the development of 5,300 hectares of land (4,600 for food crops, 700 for vegetable production). It is anticipated that 192,000 refugees and host communities will benefit from the project's assets and services. The project will fund joint planning exercises to support integration of refugees and host communities. It will closely coordinate with and support representatives of the CNARR, donors, and other World bank supported projects. CNARR will remain the interface between the authorities, the humanitarian community and the beneficiaries.

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