



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 29-Mar-2021 | Report No: PIDA31212



BASIC INFORMATION

A. Basic Project Data

Country Liberia	Project ID P175263	Project Name Liberia: Rural Economic Transformation Project	Parent Project ID (if any)
Region AFRICA WEST	Estimated Appraisal Date 29-Apr-2021	Estimated Board Date 04-Jun-2021	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Republic of Liberia	Implementing Agency Jeanine Milly Cooper	

Proposed Development Objective(s)

To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

Components

Improving the Enabling Environment for Agribusiness Development
Enhancing Competitiveness and Market Access through Productive Alliances
Agri-Marketing and Road Infrastructure Investments
Project coordination and Management and Contingency Emergency Response

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	59.00
Total Financing	59.00
of which IBRD/IDA	55.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	55.00
IDA Credit	55.00

**Non-World Bank Group Financing**

Counterpart Funding	4.00
Local Beneficiaries	4.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate



B. Introduction and Context

Country Context

1. **Liberia is a fragile and conflict-affected country with high vulnerability to external shocks.** Two civil wars between 1989 and 2003 destroyed the country's economy, basic infrastructure, and institutional framework, leaving most of the population to struggle with poor living conditions. In 2004, after more than 25 years of economic contraction, Liberia's economy began to recover. Gross domestic product (GDP) grew at an average annual rate of 7.4% from 2004 to 2013. The Ebola Virus Disease (EVD) outbreak in 2014 and a sharp decline in global prices for two of the country's main export commodities (iron ore and rubber) disrupted that economic recovery, however. Real GDP growth was stagnant in 2015. The incipient recovery starting in 2017/18 was short-lived, and during 2019 GDP contracted by 2.3% (see key socio-economic data in Box 1).

2. **Liberia's economic performance was weak well before the COVID-19 pandemic.** Between 2014 and 2019, successive exogenous shocks—EVD, the collapse of iron ore and rubber prices, and the economic impact of the drawdown of United Nations peacekeeping forces—produced economic stagnation. Further weakened by the COVID-19 pandemic, the economy contracted by 2.9% in 2020 owing to supply disruption during the general lockdown, tight macroeconomic policies, and falling global demand for Liberia's main exports. The lockdown measures halted domestic activities for months, causing the urban services economy to contract by an estimated 8.6% in 2020. Industrial growth stagnated, as a decline in manufacturing and other industries was compensated by modest growth in mining resulting from rising iron ore and gold prices. Agriculture remained resilient, growing by 2.4% through increased production of food and non-food crops (mainly cassava, rice, rubber, and palm oil). This modest agricultural growth is merely keeping pace with demographic growth, however, given that productivity remains virtually unchanged. On the demand side, the Liberia's economic contraction was driven by declines in non-mining exports, including services (tourism), public spending (both consumption, -11.4%, and investment, -11.6%), and foreign direct investment (-8.7%). Private consumption, at 99% of GDP, stagnated in real terms and fell by 2.5% in per capita terms.

3. **Liberia is among the ten poorest countries in the world—gross national income (GNI) per capita was just US\$600 in 2018.** Income inequality is high, with an estimated Gini coefficient of 35.5 in 2016. From 2007 to 2014, growth in GDP per capita averaged 3.3% per year, helping to reduce the poverty rate¹ from 68.6% in 2007 to 38.6% in 2014. As per capita GDP contracted over 2014–19, poverty rose, reaching 43.4% in 2019. Poverty and inequality are compounded by acute rural-urban and gender disparities (the rural population constitutes around 46% of the total), driven by unequal access to land and productive assets, infrastructure and public services, and markets for both goods and labor. Liberia ranks 176th of 189 countries in the 2019 United Nations Development Programme (UNDP) Human Development Index. In the 2020 *Doing Business* report, Liberia ranked 175th of 190

Box 1. Liberia key socio-economic data (2019)

Population, total (millions)	5.0
GDP (current US\$, billions)	3.07
GNI per capita US\$	580
GDP growth (annual %)	-2.3
Inequality - Gini Coefficient	35.3
Merchandise imports (% of GDP) ^a	33.9
External debt, total (% of GDP) ^b	38.5

Source: WDI, Macro Poverty Outlook & Official Data.

^a Most Recent WDI Value (2016).

¹ Liberia's poverty rate is measured as percentage of population below the international poverty line of US\$1.9/ day in 2011 purchasing-power-parity (PPP) terms.



economies on overall ease of doing business.² In terms of gender equality, Liberia ranks 97th of 153 countries in the World Economic Forum's gender equality index and 17th of 34 countries in Sub-Saharan Africa (SSA).

Sectoral and Institutional Context

4. Agriculture is the foundation of Liberia's economy and the key to food security. Agricultural production constitutes the most important livelihood for the average Liberian, involving more than 70% of the population. The sector accounted for 27.3% of real GDP in 2019 (a decline from 38.8% in 2010) and 43.3% of total employment (down from 57.4% in 1995). Most farmers grow cereals/staples, including rice (64%) and cassava (60%), followed by a variety of vegetables, such as peppers (50%), bitter balls (44%), okra, and green leaves (30%). Most famers cultivate an average of 0.7 hectares (ha) under rainfed conditions, generating small marketable surpluses. Tree crops, especially rubber, oil palm, cocoa, and coffee, are an important source of cash for smallholders and contribute significantly to the economy. Rubber is the most important cash crop in Liberia, producing almost 65% of all export earnings.³ Because Liberia imports 50–60% of its staple food requirement, the country is highly vulnerable to market disruptions and global food price volatility.

5. The Government of Liberia (GoL) considers agricultural growth to be critical for reducing poverty. The government has developed a five-year National Development Plan, the Pro-Poor Agenda for Prosperity and Development (PAPD), 2018–23. In the PAPD, the government recognizes the need for inclusive and sustainable economic diversification to achieve structural transformation and growth, the urgency of facilitating private sector participation in the economy, and the importance of the agri-food sector as an engine of growth. The government's commitment to diversify the economy under the PAPD gives priority to agriculture, particularly to supporting eight value chains: rice, oil palm, horticulture, cocoa, rubber, cassava, poultry, and pig husbandry.

6. Liberia's agriculture is characterized by a diversified structure of production. The largest share of agricultural land is dedicated to forest-based and tree-crop farming systems. They include tree crop-based systems in which vegetables and other food crops are produced on a minor scale, mostly in the central belt of the country; root crop-based systems (with cereals) concentrated in the northern region; and fishing and land-based mixed cropping enterprises along the coastal belt. The three main structures of production are: (i) large plantations that produce major export crops such as rubber, oil palm, and to a lesser, degree coffee and cocoa; (ii) domestically owned, medium-sized commercial farms that cultivate industrial crops for export; and (iii) small household farms that use traditional production techniques and limited amounts of improved inputs, have relatively low productivity, and have limited access to markets.

7. Liberia's agricultural productivity has been lagging. The long-lasting conflicts in Liberia have destroyed agricultural capital and disrupted food production, compounding the effects of structural impediments and past policy failures. Although food production increased after hostilities ended, smallholders' yields remain low. In lowland rice systems, for instance, the estimated average farm paddy yield is 1.7 metric tons (t) per hectare, while on-farm research has reported yields of 5 t/ha with an improved variety and production practices.⁴ Amid Liberia's abundance of arable land, at least 15% of the overall population is severely food insecure, and most rural people remain impoverished, trapped by low agricultural productivity. The 2016 Liberian household survey finds that close to 80% of households headed by a self-employed person in agriculture are poor. The agricultural sector is poorly integrated with the rest of the economy, agricultural advisory services and food value chains are weak, and

² World Bank (2020), "Doing Business 2020." Washington, DC. DOI:10.1596/978-1-4648-1440-2. Available at: www.doingbusiness.org.

³ Rubber production increased from 46,819 mt in 2018 to 65,743 mt in 2019 (40.4%). Annual Report, CBL, 2019.

⁴ Africa Rice 2018 field research in Liberia.



basic agricultural infrastructure and inputs are lacking, including machinery, farming equipment/tools, farm-to-market roads, food storage capacity, and more importantly quality inputs such as certified seed.

8. The national strategy for agriculture, encapsulated in the Liberian Agricultural Sector Investment Plan (LASIP II, 2018–22), must contend with a highly challenging context. LASIP II envisions that sustainable agricultural transformation will be promoted through catalytic investments in agricultural value chains, industrialization, and resilience, leading to food and nutrition security, environmental health, job and wealth creation, and inclusive growth. However, significant challenges affect agricultural productivity and value chain development: (i) a weak policy and business environment, where access to financial services is limited; (ii) a weak private sector, where entrepreneurial skills are limited; (iii) limited access to improved inputs and modern practices; (iv) limited agricultural research and extension services;⁵ (v) constrained market access as a result of poor roads and the inability to meet evolving market demands; (vi) poorly integrated value chains, with limited capacity to aggregate, store, and process agricultural production and limited marketing channels; (vii) a lack of sanitary and quality controls for agricultural products; and (viii) high post-harvest losses. Sustainable agricultural transformation will require support for private sector players in agricultural value chains to improve quality management through certification in good agricultural and agro-industrial practices. Facilities to manage sanitary and phytosanitary (SPS) requirements are another prerequisite. Data collected for the World Bank *Enabling the Business of Agriculture* report (2019)⁶ point to significant weaknesses in all areas that are important for Liberia to catalyze agricultural investment and transformation. Liberia performs below the regional average in the use of quality seeds, application of fertilizers, secure use of water, using adequate machinery, application of plant protection measures, sustainable crop management, and access to finance.

9. Liberia's development and poverty reduction programs are severely constrained by a lack of basic infrastructure, especially roads. Road access is essential for national integration, improved logistics, and economic growth, yet Liberia ranks 143rd of 160 countries in the World Bank Logistics Performance Index 2018,⁷ and it remains below the SSA average for road density, with only 750 kilometers (km) of paved road. Regional trade accounts for only 1% of all merchandise traded by Liberia, partly because Liberia's segment of Trans-African Highway Seven, a key regional corridor, is in poor condition. With climate change, prospects for the road network appear even worse, as climate-related damage to the road network is projected to equal as much as 40% of GDP by 2030.

10. Agricultural growth also suffers because of underdeveloped roads and agro-logistics. Liberia faces chronic food insecurity in part because lack of road access and agro-logistics services badly constrain the capacity to improve agricultural productivity and farm incomes. Because nearly 60% of rural Liberians cannot access an all-weather road, they have less scope to participate in economic activities, market their produce, obtain improved inputs to increase production, and access vital services such as health and education. From May to September, heavy rains significantly reduce movement from rural areas, especially in lowland swamp areas. As a result, smallholders tend to sell produce in local markets where prices are relatively lower. Despite the government's current initiative to rehabilitate the main roadways and some key feeder roads in productive areas, more work is needed to improve roads and bridges in remote rural areas. The GoL has promoted a comprehensive road network to increase the country's competitiveness, including a road in southeastern Liberia and a coastal road link joining

⁵ The Ministry of Agriculture has a plan to post one extension officer per district. In many cases these posts are vacant due to lack of funding, and even where extension officers are present, they often have no transport to make field visits.

⁶ See <http://eba.worldbank.org>.

⁷ See <https://lpi.worldbank.org/>.



the capital, Monrovia, with Harper, the capital city of Maryland County. Investment in strategic selected road segments would reduce the post-harvest losses associated with very bad road conditions, especially during the rainy seasons.

11. Small and medium-size farmers trying to establish linkages with buyers have limited ability to meet their requirements. International experience shows that even among the group of emerging commercially oriented farmers, small-scale farmers find it challenging to provide a consistent supply of products meeting buyers' specifications with regard to quantity, quality, compliance with SPS standards, and delivery schedules. Unlike larger individual commercial farmers or agribusiness firms and corporations, small and medium-sized farmers are less capitalized. They also have less access to the information, equipment, infrastructure, and farm management skills that would enable them to diversify into new products and become reliable suppliers of buyers and industry in modern markets with an increasing array of specific demands and stringent standards. Producer organizations tend to be small and ineffective. Because they have little capacity to reduce uncertainties for prospective buyers and improve the flow of information, they cannot easily expand access to remunerative markets.

12. Financial services, which are essential to support investments that will increase farm productivity and agribusiness competitiveness, are quite limited. A small number of financial institutions provides a narrow set of products and services to the agri-food sector (credit extended to agricultural sector is estimated at 5.4% of total lending in the economy). Agricultural financing goes mainly to export crops such as rubber and cocoa, in the form of foreign investment to develop plantations or small loans provided through donor-supported projects. The main barriers to financial services for small and medium farmers are: (i) insecure land tenure and the lack of other acceptable forms of collateral; (ii) limited financial literacy and credit history; (iii) the common perception in financial institutions that agricultural lending is too risky and returns uncertain, in addition to their limited experience with agricultural lending; (iv) small farms and the low level of organization among smallholders cannot ensure an adequate supply and consistent quality of produce; (v) financial intermediaries normally finance short-term investments and are reluctant to lend for the longer periods that some agricultural investments require.

13. Women are major players in agriculture, where gender inequality is substantial. Women are approximately 80% of the agricultural labor force and are responsible for 93% of food crop production. Although they play a dominant role in agricultural production, few women are able to own land, access loans, or control the income they earn from their labor. In the areas targeted for implementing the proposed project, 85% of the farmers who currently access finance are men and 15% are women.⁸ Women also have less access to productive inputs compared to men, including skills training, basic tools, and technology. Women's workloads increase in the agricultural off-season, when many men leave to seek work in mines, plantations, and urban areas, while women remain behind to care for their families and farms. Annex 5 provides a detailed gender gap analysis and action plan to reduce this gap under this project.

14. Climate change and shifting cultivation are highly significant environmental threats. Low agricultural productivity, increasing population pressure, and unsustainable natural resource management are making Liberian agriculture more vulnerable to the negative effects of climate change. Data from the Climate Change Vulnerability Index show that Liberia is among the top 20 most vulnerable countries in Africa. Major climate-related changes predicted in the coming decades include an increase in average temperature of 1–2 degrees Celsius, modified rainfall patterns, and more frequent extreme weather events such as floods and droughts. Such

⁸ Gender Analysis Study for RETRAP (World Bank, unpublished, February 2021).



changes will exacerbate risks that already affect agriculture. For instance, each crop has an upper heat threshold beyond which productivity is reduced or the crop is wiped out entirely. Extreme rainfall can damage crops by flooding fields, and excessive flows of water can strip soil nutrients or wash away soil mass entirely. Increased heat stress can reduce the quality and volume of food and fodder crops and heighten susceptibility to plant pests and diseases. The likelihood that climate change will seriously affect multiple engines of economic growth in Liberia—agriculture, natural capital, and infrastructure, among others—heightens the urgency for Liberia to ramp up climate-smart development across the growth spectrum. Farmers unwittingly contribute to climate change and its damaging effects by shifting cultivation to new land each year. This strategy that makes sense in a context where land and forests are abundant and other options to increase productivity are scarce, but it contributes to deforestation and land degradation. Low-income people, including poor rural producers, struggle more than others to cope with and adapt to climate change and natural hazards, which increase their risk of falling deeper into poverty.

15. GoL is determined to transform the food and agriculture sector in ways that will maximize its contribution to economic growth and poverty reduction. Within the framework of the PAPD, the government is focusing on three fundamental issues. The first is to strengthen national food and nutrition security by increasing the production and availability of food, which will spur local economic development and food security. The second is to enhance agricultural productivity, competitiveness, and linkages to markets by strengthening efficiency, promoting innovation, fostering sustainability, and leveraging opportunities in national and external markets; broadening and strengthen private sector participation; increasing public investments (mainly in rural infrastructure); and creating an enabling macroeconomic environment. The third is to strengthen human and institutional capacity by establishing effective and efficient public sector frameworks for agricultural planning and coordination; reducing agricultural risks and improving coping mechanisms; mainstreaming gender and youth in agriculture and rural development; and ensuring sustainable use of natural resources. The proposed Rural Economic Transformation Project (RETRAP) will support GoL to accelerate the implementation of its strategy within the PAPD framework.

C. Relevance to Higher Level Objectives

16. The proposed Project is in consonant with the three pillars of the CPF (FY19-FY24)⁹ for Liberia, including (i) strengthening institutions and creating an enabling environment for inclusive and sustainable growth; (ii) building human capital to seize new economic opportunities; and (iii) narrowing the infrastructure gap to foster more equitable nationwide development. It is also contributing to achieving the country's UN Sustainable Development Goals, in particular Goal 1 (*End poverty in all its forms everywhere*), Goal 2 (*End hunger, achieve food security and improved nutrition, and promote sustainable agriculture*); Goal 9 (*Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all*); and Goal 13 (*Take urgent action to combat climate change and its impact: by enhancing productivity that implies the efficient use of inputs, including water and land; enhancing awareness and promoting climate smart agriculture measures*).

17. The proposed project supports IDA19 policy priorities (Gender, Climate, Governance, Jobs, FCV). The project will support the following key agendas: (i) *Economic transformation and job creation:* by supporting

⁹ World Bank (2018). "Country Partnership Framework for the Republic of Liberia, FY19-FY24." Report No. 130753-LR.



sustained increases in agricultural productivity and a shift to commercial enterprises, the strengthening of efficient value chains and the development of a thriving rural economy which will in turn create quality employment in upstream and downstream activities servicing agriculture; (ii) *Resilience building and food security*: by enhancing resilience of domestic agricultural production systems through the promotion of climate smart technologies¹⁰; and (iv) *Gender inclusion*: by ensuring more women have access to investment finance (matching grants and commercial credit), the project will help remove barriers to women's ownership and control of assets in line with the World Bank Gender strategy..

18. **The proposed operation supports the GoL's Pro-Poor Agenda for Prosperity and Development** and the MoA three-year strategy plan for the Agriculture sector with a focus on: (i) institutional development and the promotion of inclusive and competitive value chains (cassava, rubber, poultry, and piggery). It also supports the GoL achieve its commitments under the Comprehensive African Agricultural Development Program (CAADP), which commits the country's government to investing more in the agriculture sector.

19. Liberia is an IDA-eligible country with a moderate risk of debt distress, and the proposed project is anticipated to deliver a high return on investment while contributing to poverty reduction, job creation, and private sector-led growth. Following the Maximizing Finance for Development (MFD) approach, the project will build on a partnership between the public and private sector to remove market failures, provide the public goods needed to crowd-in private investment in selected value-chains, and create economic opportunities and jobs, especially for women and youth. The project will also widen access to the climate-smart technologies and practices that help agri-food value chains to withstand climate change. Considering these characteristics, the project will be financed by IDA19's Scale Up Window (SUW).

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve productivity and market access for small holder farmers and agri-enterprises for selected value chains in project participating counties.

Key Results

20. **The Project Development Objective** is to improve productivity and market access for smallholder farmers and agri-enterprises for selected value chains in project participating counties.

21. **PDO Level Indicators.** Five key performance indicators are proposed to measure project outcomes: (i) Farmers reached with agricultural assets or services (CRI)¹¹ (number), disaggregated by gender; (ii) Increased yield of targeted agricultural produce by project-supported farmers, disaggregated by targeted commodity; (iii) Increase in marketed volume of locally produced agricultural commodities by project-supported farmer-based organizations (FBOs), disaggregated by targeted commodity (percentage); (iv) Reduction in transportation time

¹⁰ The project will also contribute to the WBG's Africa Climate Change Business Plan and to reaching CIV's climate change mitigation and adaptation targets articulated in the Intended National Determined Contribution (INDC).

¹¹ Corporate Results Indicator.



on improved roads (percentage of time saved); and (v) Direct project beneficiaries (CRI) (number), disaggregated by gender.

22. Project Beneficiaries. The main beneficiaries of the proposed project will be smallholder farmers and agri-entrepreneurs (private agribusiness investors, cooperatives, and small and medium enterprises processing or providing other services to agri-food systems) who are engaged in the selected value chains. Within this group, the project will give priority to women who are heavily engaged in food crop production, processing, and marketing, as well as young people who are active in various segments of the value chain. The project is expected to reach 60,000 beneficiaries of which at least 40% are women. Other project beneficiaries will include: (i) key public institutions and their staff involved in agricultural support services, such as MoA, the Central Agricultural Research Institute - Soil and Crop Laboratory (CARI), and National Standards Laboratory of Liberia (NSL); and (ii) NGOs and service providers engaged to implement the project.

B. Project Approach

23. The project addresses important challenges for developing agri-food value chains, paving the way for rural economic transformation. The specific challenges include: (i) weak institutional capacity to deliver agribusiness support services and the organizational capacity of smallholders; (ii) low agricultural productivity resulting from limited access to improved technology, modern inputs, and advisory services; (iii) weak access to markets resulting from inadequate post-harvest, road, transport, and marketing infrastructure; and (iv) limited private sector investment in production, processing capacity, and value-added activities. The project will use a multi-level approach to address those challenges and create lasting economic opportunities for actors in the selected value chains. First, it will strengthen the critical institutions that are responsible for overseeing the development of the sector and providing key services for producers and processors. Second, at various stages of the supply chain, the project will build capacity and provide support (including technical assistance) for investment subprojects geared toward the adoption of new technologies and practices that will increase the productivity of the food system and its resilience to climate change, thereby improving its capacity to meet market demands and compete in new markets. Third, the proposed project will improve rural access and agricultural marketing by upgrading roads and modernizing selected rural markets.

24. Target value chains. The project will focus its support on the cassava, rubber, poultry, pig, and vegetable value chains, which complement the value chains that are targeted by the World Bank–funded Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P, P160945): rice, oil palm, and horticulture. The value chains targeted under the proposed project were selected through two sector scanning studies^{12,13} that assessed them against a range of development impact criteria, including: (i) evidence-based market demand for the commodities; (ii) high growth potential, demonstrated by positive growth trends in the value chains, the scope for expanding production and increasing sales, and the scope for adding value through processing; (iii) the potential for poverty reduction,¹⁴ and (iv) the existence of infrastructure and complementarities with other projects in the country. Vegetable production (home gardens) will be supported because they are important for generating incomes for women and for diversifying nutrition at the household level. See Annex 4 for further details on the selected value chains.

¹² Netherlands Enterprise Agency (2017), "Sector Scan—Liberia Agriculture Sector."

¹³ World Bank, International Finance Corporation, and GoL (2017), "Agricultural Commercialization and Agribusiness Development Project: Sector Scan Report."

¹⁴ Potential for poverty reduction is based on locally available raw materials and skills, new job opportunities created, low entry barriers for small-scale entrepreneurs, and prospects for women and youth.



25. **Geographical focus and phased approach.** The project plans to operate in 10 of the 15 counties in Liberia, organized into three groups focusing on particular value chains (see Annex 1). *Group 1* covers Bomi, Bong, Grand Bassa, Grand Cape Mount, Grand Kuru, Margibi, Montserrado, Nimba, and Sinoe Counties, which have a comparative advantage in cassava production. *Group 2* covers Bong, Grand Bassa, Grand Cape Mount, Margibi, Maryland, and Nimba Counties, which have a comparative advantage in rubber production. *Group 3* covers Bomi, Bong, Grand Bassa, Grand Cape Mount, Margibi, Montserrado, and Nimba Counties, which have potential for poultry and pig production. The project will give priority to counties where FBOs already exist and market opportunities are present (processing factories, proximity to urban areas, border-outlets, and so on) before moving on to work in counties that lack FBOs. The final set of locations for project interventions in the selected value chains will be selected in consultation with key value chain stakeholders.

26. **In implementing its activities, the proposed project will leverage support from strategic partners based on their comparative advantages, including leading international organizations and local research institutions.** The array of international partners includes the African Development Bank (AfDB), International Fund for Agricultural Development (IFAD), International Livestock Research Institute (ILRI), and the International Institute for Tropical Agriculture (IITA). The project complements ongoing projects under MoA, such as the World Bank-funded Liberia Forest Sector Project (LFSP, P154114); Smallholder Agricultural Productivity Enhancement and Commercialization (SAPEC) Project under the GAFSP/World Bank Grant; and the IFAD-financed Rural Community Finance Project and Tree Crop Extension Project. The proposed project builds on the design features of the South Eastern Corridor Road Asset Management Project (SECRAMP, P149279) and draws on the design and experience of STAR-P, mainly by expanding the Productive Alliance approach to new value chains.

27. **Productive Alliances support FBOs by bringing together:** (i) a group of organized farmers producing a particular product, or a group of producers acting as a commercial entity, to ensure a reliable supply of goods in accordance with market demands; (ii) other partners involved in the value chain by providing services or undertaking processing required by the final buyer/s (aggregation, handling, storage, processing); and (iii) one or more buyers for a product/s that are willing to reach an agreement with the suppliers. These entities—the participating members of the “alliance”—are connected through a business proposition (“business plan”) that assesses the capital and service needs of the FBO and proposes improvements that would allow producers to upgrade their production capacities and skills to strengthen their linkage with the market. The public sector is normally engaged in providing an enabling environment, often supports the participating member responsible for preparing the investment proposal (the “subproject”) and provides adequate financing for implementing the proposal (based on the business plan). Global experience has shown that the Productive Alliance approach addresses multiple constraints and increases revenues by providing integrated solutions adapted to local conditions, exploring and building on opportunities perceived by the partners in the alliance, significantly increasing product quality, producing a consistent volume of product, and stabilizing product sales prices.¹⁵

28. **The project will give close attention to cross-cutting priorities.** Specifically, it will: (i) target women farmers to receive matching grants as members of alliances, to address the *gender gap* in financing productive investments; (ii) promote adherence to environmentally sound practices and prioritize climate-smart, resilience-enhancing technologies in all aspects of the project (training, institution building, and infrastructure investments), to promote *climate change mitigation and adaptation* (see Annex 7 – Table 7.2 Assessment of Climate Co-Benefits and Net Carbon Balance); and (iii) promote the production and inclusion of products that diversify household

¹⁵ World Bank Group (2016), “Linking Farmers to Markets through Productive Alliances: An Assessment of the World Bank Experience in Latin America.” Washington, DC. Available at: <https://openknowledge.worldbank.org/handle/10986/25752>.



nutrition; and (iv) give priority to the adoption of technologies reducing *greenhouse gas (GHG) emissions* (mainly in Components 2 and 3). The project will set targets for participation by women and youth and will prioritize subprojects with potential to generate full-time rural employment. When selecting subprojects for investment, the project will mainstream climate-resilient, low-carbon activities to address agricultural vulnerability, reduce agricultural emissions of GHGs, and improve climate resilience—for instance, best practices and technologies for climate-smart agriculture (CSA) and water resource management. Household nutrition, particularly for women and children, will be improved and diversified through home gardening and the dissemination of information on sound nutritional practices to beneficiaries.

29. **Expanding access to financial services and Maximizing Finance for Development (MFD).** In coordination with the International Finance Corporation (IFC), the project will support a spectrum of activities within the project components to alleviate some of the constraints on farmers' access to financial services. The main activities will be: (i) enhancing private sector participation by promoting public-private sector dialogue to agree on key actions to support for leveraging private sector engagement in rural finance; (ii) supporting studies to alleviate constraints on expanding financial services for small and medium-sized farmers and their organizations; (iii) promoting the establishment of partnerships between operators within the selected value chains, and improving contractual arrangements between farmers and buyers; (iv) facilitating access to finance by supporting the development of "bankable" and viable business plans for investment subprojects; (v) supporting essential public goods and services by strengthening human capital, agricultural research and extension services, and public infrastructure (roads and market information); and (vi) providing technical assistance to improve the financial literacy of beneficiaries and to strengthen the capacity of financial institutions to diversify their products and expand their outreach to the sector.

C. Project Components

30. The project design is based on a holistic and integrated approach to developing the selected value chains at the institutional level (Component 1, focusing on the enabling environment); through all stages of the value chains, including the post-harvest, storage, processing, and marketing stages (Component 2, focusing on competitiveness and market access through Productive Alliances); and with the development of key infrastructure (Component 3, focusing on roads and logistics centers). Component 4 will support project management, coordination, and a contingency emergency response. Annex 1 provides a detailed description of the project, including implementation responsibilities.

COMPONENT 1: IMPROVING THE ENABLING ENVIRONMENT FOR AGRIBUSINESS DEVELOPMENT (IDA US\$6MILLION)

31. The objective of Component 1 is to improve the enabling environment for agribusiness development in Liberia. This objective will be achieved through the following interventions: (i) building the capacity of public agribusiness services to deliver quality services to private investors, including smallholder farmers; (ii) enhancing value chain coordination and public-private dialogue; and (iii) supporting agricultural research and development (R&D) and extension. This component will finance specialized technical assistance, training, works, goods, consulting and non-consulting services, and operational expenses, as detailed below.

32. **Improving public agribusiness services.** This intervention aims at enhancing the capacity of selected public services that are critical for enabling agribusiness, principally within MoA and the Cooperative Development Agency (CDA). The project will undertake a functional review of these entities and recommend/implement appropriate solutions for improving the quality of their agribusiness services. The focus will be on strategies and



solutions for: (i) enhancing entrepreneurship development in agribusiness and promoting private investments in the sector (with a focus on women and youth entrepreneurship); in particular the project will support key activities towards the functioning of an Agribusiness Growth Delivery Unit (AGDU) that is being established as an agribusiness strategy incubator and strategic advisory arm of MoA; (ii) improving governance and partnerships across the selected value chains, and collaboration among agribusiness development programs/projects in the country; and (iii) enhancing the resilience of the food system through the dissemination of climate-smart practices. In addition, MoA will receive support—technical assistance, training, and equipment—to operationalize approved national acts, regulations, and strategies related to seed, food safety, pesticides, fertilizer, and national rice development, and to update and enforce agri-food standards. In implementing these activities, the project will work closely with STAR-P to develop an agriculture database to support monitoring, research, policy making, and the allocation of resources by counties. The system will ensure that farmers, allied institutions of MoA—for instance, the Central Agricultural Research Institute (CARI) and National Standards Laboratory (NSL)—and private sector partners have a shared platform for to access data, share knowledge, and to obtain advisory and financial services. This activity will also include the financing of a training program for MoA (and agencies associated in project implementation) on impacts of climate change, knowledge, and advisory support for adoption of climate smart agriculture practices and technologies.

33. ***Enhancing value chain coordination and public-private dialogue.*** For targeted value-chains, the Project will: (i) conduct a stakeholder mapping exercise as the basis to put in place a representative and inclusive Private Public Dialogue (PPD) mechanism; this mapping will also consider climate change actors/agencies which would benefit from a focused trained on impacts of climate change on value-changes and mitigation/adaptative measures; (ii) support the establishment and operation of this mechanism, including training of main stakeholders on its effective use to improve the performance of the value-chains; and (iii) support increased consultations among the value chain stakeholders, through *inter alia* regular forums to discuss the various constraints of their sub-sectors, review and update the government strategies, develop a shared vision and harmonized approach to minimize potential conflict, devise mechanisms for coordinating donor assistance and creating an enabling environment for private and public investments. Under this intervention, the project will also finance capacity-building for FBOs involved in targeted value-chains. These organizations will receive general support regarding *inter alia* training in group dynamics to promote good governance (including women representation in FBOs management positions), assistance for strategic planning, business management and enterprise development, M&E and marketing intelligence. This will be achieved through provision of technical assistance (long term as well as short term specialized expertise), training support and organization of forums and exchange visits. Finally, for both the PPD and FBOs activities, training will be provided to mainstream climate change in FBOs development strategies; including on options to promote climate smart value chains through the assessment of major climate risks and their impacts on the selected value chains and the development of associated climate smart adaptation strategies.

34. ***Support to agricultural R&D and extension.*** The Project will strengthen the capacities of the Department of Regional Development, Research and Extension (DRDRE) of the MoA to carry out its mandates. Support will be provided to: (i) facilitate linkages between extension and research system through information sharing and production of joint periodic bulletin; a main focus would be on climate-smart practices and technologies; (ii) promote the use of e-extension services; (iii) integrate the delivery of nutritional information into the extension advice package; (iv) train County Level Facilitators (CLF) on extension guidelines; these guidelines will incorporate climate change related risks and impacts on agriculture and ways to address them; (v) develop or introduce and adapt climate-smart technologies and practices to enhance resilience at county level; and (vi) strengthen seed multiplication capacity (improved and drought-resistant seeds). In addition, the project will support the Central



Agricultural Research Institute - Soil and Crop Laboratory (CARI), and National Standards Laboratory of Liberia (NSL) to identify and implement specific demand-driven knowledge and innovative research and testing equipment. CARI will be supported to develop and maintain linkages with regional agricultural innovation and R&D systems to benefit from technologies developed in countries with similar agro-ecological systems (i.e., Ghana and Nigeria) under regional and country programs. For the implementation of these activities, the project will finance: (a) contracting with third parties in providing specialized services; (b) minor civil works for CARI and NSL office renovations; (c) vehicles, goods, and equipment for the CARI, NSL and DRDRE to perform their project-related functions including external training; (d) logistics support to private advisory service providers and CLF; and (e) limited operating costs for the CARI, NSL and DRDRE.

COMPONENT 2: ENHANCING COMPETITIVENESS AND MARKET ACCESS THROUGH PRODUCTIVE ALLIANCES (US\$16.5 MILLION: IDA US\$12.5 MILLION AND BENEFICIARIES US\$4.0 MILLION)

35. The objective of Component 2 is to support smallholders and commercially oriented farmers to improve their capacity, operate competitively in the selected value chains, and establish more reliable linkages with buyers. In doing so, the project will adopt the Productive Alliance approach described previously (see also Annex 1 for further details). It will also emphasize the inclusion of women and the enhancement of their role throughout the targeted value-chains from production to processing and marketing (see Annex 5: Gender Action Plan). Emphasis will be placed on facilitating their access to appropriate training and finance.

36. Considering the capacity constraints of financial institutions and experience with credit lines in Liberia (for example, under STAR-P), the proposed project will use matching grants as the main financing instrument for productive investment subprojects. Best practices will be applied in managing the matching grant fund, including a staged selection process adhering to strict conditions and criteria, an independent investment committee, and use of a professional fund manager to manage operations.

37. **Subcomponent 2.1: Pre-Investment Activities (IDA US\$2 million).** This subcomponent will support pre-investment activities that are designed to pave the way for the development of proposals for investment subprojects that will be considered for financing under Subcomponent 2.2. Pre-investment activities will: (i) promote the project concept and increase outreach to prospective beneficiaries (FBOs and their members, commercial partners, and private financing entities); (ii) identify opportunities for Productive Alliances among FBOs, agri-enterprises, processors, and commercial partners; (iii) identify potential business opportunities for the Productive Alliances; (iv) prepare business plans and proposals for investment subprojects reflecting the identified opportunities; (iv) build capacity among technical service providers to enhance the quality of the services provided to the Productive Alliances; and (v) support studies to evaluate the potential for investments in the selected value chains that will promote climate change mitigation, climate resilience, and the economic inclusion of marginalized groups. Examples of key climate change adaptation/mitigation measures that would be considered for inclusion in business plans include: (a) climate-resilient varieties; (b) investments in infrastructure and the adoption of practices that will prevent soil erosion and retain soil nutrients; (c) improved water management in the context of warming weather patterns; and (d) efficient methods and technologies to manage pests and diseases).

38. **Subcomponent 2.2: Investment Subprojects Supporting Productive Alliances (US\$14.5 million: IDA US\$10.5 million and Beneficiaries US\$4.0 million).** This subcomponent aims to enable smallholders to become more competitive producers, capable of meeting market demands, establishing sustainable linkages with buyers, and effectively integrating into the selected value chains. Under this component, the project will finance matching grants for FBOs, agribusinesses, processors, aggregators, and other participating partners to implement



investment subprojects¹⁶. The RETRAP matching grant resources will be handled through the Liberian Agriculture Commercialization Fund (LACF). The LACF, managed by an independent fund manager, is a special designated account under the Project Implementation Unit of STAR-P. The Fund Advisory Committee established under STAR-P will provide appropriate governance and oversight of the use of the LACF.

39. The investment subprojects supported through matching grants from the LACF will be based on subproject proposals prepared by eligible beneficiaries and approved based on independent screening and evaluation of their technical, socioeconomic, financial, and environmental viability. All proposals selected for funding will focus on modernizing individual farm operations, enhancing productivity, and reducing losses (production and post-harvest losses) to meet market demands, with the goal of solidifying partnerships within a value chain. Proposals that empower women (women groups and agri-entrepreneurs) and incorporate climate mitigation and adaptation features (including intercropping and conservation agriculture (which will increase crop diversification); use of climate-resilient seeds and varieties; methods to retain soil nutrients and prevent soil erosion; improved water management; efficient pest and disease management; the use of alternative energy sources; recycling water and waste; and energy saving technologies) will receive priority. The aim is that at least 75% of the sub-projects are climate smart.

40. Matching grants will be provided through three dedicated windows designed to support the different types of beneficiaries participating in a single investment subproject. The matching grant will cover only part of the overall cost of implementing approved subprojects. Each beneficiary group will be required to provide counterpart funding—in cash (either their own funds or a commercial loan) or (for certain beneficiaries) in kind—to complement the matching grant. The level of counterpart financing required will depend on the type of beneficiary and the amount of the investment to be undertaken; the ranges will be defined in detail and included in the Project Operations Manual (POM). The matching grant windows are:

- (a) ***Window A, for organizations of smallholder farmers and other vulnerable groups.*** This window provides matching grants to organizations of smallholders or other vulnerable populations to co-finance their activities in an investment subproject. Vulnerable populations include women entrepreneurs, women-led producer organizations, and youth, who will be encouraged to participate through a targeted information campaign. In areas where smallholders and other vulnerable populations are not organized into groups, the project will work with MoA, other government agencies, and NGOs active in the area to support the formation of producer and agro-based organizations.
- (b) ***Window B, for commercially oriented farmers who are also service providers and are acting as an anchor company in an alliance.*** This window will directly boost agricultural production to ensure a reliable supply of produce for a value chain. Priority will be given to commercially oriented farmers who: (i) work with smallholder farmers by transferring new technologies and providing technical assistance; (ii) adapt technologies that address binding constraints and risks in agriculture, such as climate change; (iii) create formal partnerships with a selected value chain to ensure access to markets and with research organizations to ensure the transfer of new technology; (iv) create jobs; and (v) contribute to food security.

¹⁶ A sub-project in the context of this project is defined a small project belonging to organizations of smallholders or other vulnerable group of about farmers / individual commercially oriented farmers or other partners in an alliance.



- (c) ***Window C, for all other partners in an alliance that are participating in an individual investment subproject.*** Such partners include private businesses that provide aggregation, processing, or other services essential to the subproject's success (for instance, services facilitating compliance with a particular requirement of the final buyer, generating new investment needed for partners to perform their role in the subproject efficiently, and introducing and integrating climate-smart initiatives and technologies). This window will also support selected financial institutions to provide financing to beneficiaries, with a view to improving the outreach of financial institutions, their product innovation (by developing suitable financing products, including savings products), and their services, and rolling out new products and services in the project counties. This activity is designed to address the major challenge of access to finance from both the demand and supply side. The matching grant will finance 60% of the total costs of the proposal developed by the financial institution, which will use its own resources to cover the remaining 40% of costs¹⁷.

41. Under all three matching grant windows, eligible investment subproject expenditures will include: (i) civil works (for example, development of lowlands; clearing bushland; building post-harvest, storage, and processing facilities and small-scale, efficient irrigation systems); (ii) goods, such as productive equipment (for example, farm machinery, processing equipment, storage units, and transport vehicles); (iii) incremental working capital (for example, to purchase improved inputs); and (iv) technical assistance and business advisory services supporting the implementation of the subprojects and enhancing the administrative and managerial capacities of the participating producers. Investment proposals by FBOs and agribusinesses that integrate climate-smart approaches throughout the value chain will receive priority and may qualify for additional bonus financing. Climate smart approaches may include, among others: intercropping systems and conservation agriculture (which will increase crop diversification); seed and other planting material of climate-resilient varieties; approaches and structures for preventing erosion and retaining soil nutrients; improved water management to cope with extreme warm temperatures; efficient pest and disease management; the use of alternative energy sources; recycling water and waste; and saving energy by implementing approaches and digital technologies to reduce GHG emissions in agriculture. Table 1 below summarizes the main characteristics, estimated flow of funds, and number of beneficiaries for each window. The Liberia Agriculture Commercialization Fund (LACF) Grant Manual will set out the detailed eligibility criteria, matching grant amounts, and counterpart contributions for each window.

Table A.1.1: Main characteristics of each matching grant window

Window	Number of Sub-Projects	Average matching grant per subproject US\$	IDA contribution		Beneficiary contribution (in cash)		Total US\$ million
			%	US\$ million	%	US\$ million	
Window A: Organizations of smallholder farmers and other vulnerable groups	50	145,000	80	5.80	20	1.45	7.25
Window B: Commercially oriented farmers	25	150,000	70	2.625	30	1.125	3.75
Window C: Other partners in an alliance	50	70,000	60	2.10	40	1.4	3.5
Total	125			10.50		3.975	14.50

COMPONENT 3: AGRI-MARKETING AND ROAD INFRASTRUCTURE INVESTMENTS (IDA US\$31.5 MILLION)

¹⁷ Financial institutions will not be permitted to use the grant funds to expand their lines of credit.



42. The objective of this component is to improve access to markets through the rehabilitation of existing roads, construction of short-span critical cross-drainage structures, and modernization of selected agri-markets. The component is designed to improve infrastructure along a major corridor (Tappita–Zwedru road)¹⁸ to unlock productivity in the agricultural sector and provide logistics support to the private sector. Component 3 is integrated with the government's larger national road and transportation agenda, which is intended to reduce transportation costs, improve communications, and increase the commercial viability of agriculture. The expected outcomes of investments under Component 3 are reductions in post-harvest losses and marketing costs, closer links between producers and buyers, and increased competitiveness of domestic producers supplying food products to major consumption centers.

43. **Subcomponent 3.1: Roads construction (IDA US\$30 million).** Complementing the planned road works financed as part of the South Eastern Corridor Road Asset Management Project (SECRAMP, P149279), under which 100 km of road between Ganta and Tappita is to be rehabilitated, the proposed project will support rehabilitation of a 40-km segment of the 112-km Tappita–Zwedru road. This segment was selected for rehabilitation based on several considerations. Despite its relatively short length, it will provide a critical connection between the agricultural food basket corridor running from Ganta to Zwedru and the all-weather southeastern corridor transport network. It will facilitate the movement of agricultural goods and delivery of services (including the development of transport services), significantly improve access to the main market centers of the southeastern corridor, and foster greater interaction between farmers, businesses, traders, and agro-processors. It also complements on-going improvements elsewhere in the feeder road network, which will unlock the agricultural potential of the entire southeastern region.

44. For this road work, the proposed project will use Output- and Performance-Based Road Contracts (OPRCs) under a Design, Build and Transfer (DBT) arrangement and will finance the associated consultant services. The conceptual design that has been developed includes full construction of a two-lane carriageway with bituminous surfacing along the existing right-of-way, with a 20-year design life. The design reflects the fact that ordinary road rehabilitation parameters will be ineffective, given Liberia's topography and the risks related to climatic change. The design study anticipates reduced travel time, lower vehicle operating costs, and reliable year-round access, resulting in significant additional traffic. The design will incorporate modern, climate-smart infrastructure standards that increase resilience. Contractors will be incentivized to select materials and implement processes that generate less emissions, and the project will enforce the use of bioengineering, which involves the use of vegetation either alone or in conjunction with other civil engineering structures.

45. **Subcomponent 3.2: Modernization of selected agri-markets (IDA US\$1.5 million).** Subcomponent 2 will finance the modernization of selected existing agri-markets in rural areas; including the construction of: (i) a number of open market sheds and small storage and processing facilities; and (ii) basic market infrastructure such as internal market pathways, drainage infrastructure, and water and sanitation facilities, as well as selected facilities for specialized handling of agricultural produce. All construction work will be based on a business plan submitted by FBOs or other stakeholders in the market and would be supported by a clear management and maintenance plan, identifying the functions and responsibilities of all parties involved (private or public). The upgradation of these markets will also incorporate design standards that will ensure resilience to the main local risk factors (geophysical conditions and climate change) and reduce green gas emissions by making adopting

¹⁸ The Ganta–Tappita road, extending almost halfway to Zwedru, is being financed under SECRAMP as follows: GoL is financing the 39-km Ganta–Saglepie stretch, and the World Bank and LRTF are financing the 61-km Saglepie–Tappita stretch. AfDB is financing the paving of the stretch from Zwedru to the southern border with Côte d'Ivoire. A gap of about 85 km is still under discussion for financing by donors in the next round of allocations.



energy efficient material for the storage facilities and renewable energy systems. The precise locations of these markets will be identified during project implementation.

COMPONENT 4: PROJECT COORDINATION AND MANAGEMENT AND CONTINGENCY EMERGENCY RESPONSE (IDA US\$5 MILLION)

46. The aim of this component is twofold: (i) establishing appropriate coordination, monitoring and evaluation (M&E), and communication regarding project implementation; and (ii) ensuring that GoL is better equipped to respond to crises and emergencies.

47. **Subcomponent 4.1: Project Coordination and Management (IDA US\$5 million).** This subcomponent will facilitate: (i) administrative, technical, and financial management of the project; (ii) coordination among all institutional partners to ensure the efficient flow of information and support to all value-chain actors; (iii) effective contractual arrangements with key implementing partners as well as private sector operators; (iv) monitoring and evaluation (M&E) of project performance in procurement, financial management (FM), and environmental and social impacts; and (v) development of communication activities to publicize and disseminate project results, best practices, and success stories. The project will be implemented by the STAR-P Project Implementation Unit (PIU) within the Project Management Unit (PMU) of MoA, which will be strengthened with the appropriate staffing and operating resources to support the implementation of RETRAP (see details in Annex 2).

48. **Subcomponent 4.2: Contingency Emergency Response Component – CERC (zero allocation).** The purpose of this subcomponent is to enable an immediate response if an eligible crisis or emergency arises. As its name implies, the CERC is a World Bank contingent financing mechanism that provides Borrowers rapid access to resources to respond swiftly in the event of an eligible crisis or emergency (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”). The mechanism for triggering the CERC will be included in the Credit Agreement, which will require (inter alia) preparation of a CERC Manual detailing the applicable fiduciary, environmental and social, monitoring, reporting, and any other implementation arrangements necessary. Provided the World Bank Group agrees with the emergency assessment, the CERC will allow GoL to request the World Bank to reallocate uncommitted resources from other project components to this subcomponent in to cover emergency response and recovery costs or, eventually, to channel additional financing that may become available because of the emergency.

49. **Project Cost and Financing.** The project will be structured as an Investment Project Financing (IPF) over a period of 5 years from 2021 to 2026. Total project costs are set at US\$59 million. The World Bank will fund the project through a loan from the IDA19 Scale-Up Window (SUW) of US\$55 million.¹⁹ These resources will be complemented by co-financing from beneficiaries, who will mobilize resources consisting mainly of: (i) in kind contributions (unskilled labor); and (ii) cash contributions through the MGs under component 3. Table 1 provides a summary breakdown of project costs by component.

¹⁹ The SUW makes available up to US\$5.7 billion to Blend and IDA-only countries at low or moderate risk of debt distress, in addition to the regular concessional resources that countries will receive during the IDA19 period (July 1, 2020 to June 30, 2023). The SUW provides financing on International Bank for Reconstruction and Development (IBRD) lending terms.

**Table 2: Project costs by component and source of financing (US\$ million)**

Project component	Total	IDA	Beneficiaries
Component 1: Improving the Enabling Environment for Agribusiness Development	6.00	6.00	0.00
Component 2: Enhancing Competitiveness and Market Access through Productive Alliances	16.50	12.50	4.00
Component 3: Agri-marketing and Road Infrastructure Investments	31.50	31.50	0.00
Component 4: Project coordination and management and contingency emergency response	5.00	5.00	0.00
Total costs	59.00	55.00	4.00

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50 No

Projects in Disputed Areas OP 7.60 No

Summary of Assessment of Environmental and Social Risks and Impacts

Environmental Risk Rating

50. The environmental risk rating for the proposed project is estimated as substantial. The classification is based on the potential environmental risks and impacts, the sensitivity of the recipient environment and the capacity of the implementing agencies to manage the risks. The projects adverse environmental risks and impacts will mainly emanate from interventions under Components 2 and 3. The Matching Grant (MG) scheme under Component 2 might trigger agricultural commercialization, expansion of farmlands, expansion and/or renovation of agricultural infrastructure such as warehouses, processing facilities, electricity connectivity etc. Land clearing associated with farming and provision of infrastructure could contribute to deforestation, forest degradation, destruction of natural habitats, soil erosion and depletion of biodiversity. Agricultural intensification could trigger extensive use of pesticides with adverse repercussions on human health and biodiversity. The proposed support to poultry and piggery industry will produce animal waste (manure) which could contaminate ground and surface water as well as contribute to green-house gas emissions if poorly managed. Similarly, effluents from processing facilities e.g. cassava processing under the MG scheme could contribute to water contamination, eutrophication and unsightly scenes in communities. The risks associated with surface water contamination from pesticides and effluents from processing facilities could transcend communities and may have far reaching consequences, if not properly managed. These potential risks have been assessed along with appropriate mitigation measures in the Environmental and Social Management Framework (ESMF) drafted for the project which will be finalized, reviewed by the Bank and disclosed prior to appraisal. Similarly, the proposed road improvement of 40 km under Component 3 might result in environmental, occupational, and community health and safety risks and impacts. Given that the location of the road is known, the Client is preparing an Environmental and Social Impact Assessment (ESIA) and an Environmental and Social Management Plan (ESMP) covering the proposed 40km stretch. The ESIA and ESMP will be finalized, reviewed by the Bank and disclosed before the project effectiveness date. The client is preparing an Integrated Pest Management Plan (IPMP) to guide pest management activities and safer use and management of pesticides to prevent or minimize adverse impacts on biodiversity, communities and the environment. The client will finalize the IPMP, have it reviewed and cleared by the Bank, and disclose it within one (1)



month after Project effectiveness date. The Ministry of Agriculture will implement the project in collaboration with other ministries. Environmental safeguard capacity varies among ministries with no experience in the implementation of the World Bank Environmental and Social Standards (ESS). The Client will recruit and maintain a qualified Environmental Safeguard Specialist who will benefit from the World Bank capacity building support throughout the life of the project.

Social Risk Rating

51. The social risk rating for the proposed project is estimated as substantial. The classification is based on the potential project social risks and impacts, the country context social sensitivity issues and the capacity of the implementing agencies to manage the risks. The project social risks include risk of conflicts within communities, with agribusiness service providers and subprojects if selection of beneficiaries is not done in a fair and transparent manner through adequate stakeholder consultations. Elite capture and exclusion of vulnerable groups along the agri-business value-chain from benefiting from the Matching Grants particularly smallholder farmers, women and youth businesses poses substantial risk. Similarly, risks and impacts associated with temporary and permanent land acquisition for the construction of rural agribusiness infrastructure (e.g. Construction of warehousing, processing facilities, market internal path-ways, electricity connectivity, drainage infrastructure, and water and sanitation facilities etc.) and road rehabilitation are anticipated. In particular, economic or physical displacement is anticipated under the proposed rehabilitation of a 40km section of the 112km long Tappita - Zwedru Road. Other social risks include potential legacy issues related to impacts of previous road construction activities on Project Affected People (PAP) and communities along the proposed road corridor to be rehabilitated. Since the 40km road corridor is already known at this preparation stage, the client is preparing a Resettlement Action Plan (RAP) which will be finalized, reviewed by the Bank and disclosed when road designs have been finalized during implementation. The mitigation measures will be implemented prior to commencement of civil works. As specific subprojects locations of the agriculture components will not be known during preparation, the project has developed a draft Resettlement Policy Framework (RPF) as required by the ESS-5 to guide the preparation of site-specific instruments when sub-projects locations are identified. The RPF will be disclosed prior to appraisal.

52. While the use of local labor is anticipated, use of migrant workers and risk of use of child labor or forced labor cannot be ignored. The risk of Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) is possible given the country context and social sensitivity issues and focus of project interventions in rural areas with possibility of men and women working in unsupervised conditions. Risks of spread of infectious diseases including spread of STDs and COVID-19 disease are anticipated given that the project interventions will be implemented in counties where potential for spread of infectious diseases cannot be ignored.

53. The Ministry of Agriculture through its Project Management Unit (PMU) will be responsible for overall project implementation and will collaborate closely with other relevant Ministries and their respective Departments and Agencies, including with the Ministry of Public Works (MPW) on the road works component. The Infrastructure Implementation Unit (IIU) of the MPW will be responsible for implementation of the road construction activities under RETRAP. E&S Institutional Capacity Assessment conducted at project preparation stage found that environment and social risk management capacity varies among the ministries with no experience in the implementation of the World Bank Environmental and Social Standards (ESS). The PMU of MOA and IIU of MPW will each recruit and maintain a qualified Social Development Specialist as part of the PIU staff to lead social risk management throughout the life of the project. The Social Development Specialists of MOA and IIU shall be in place prior to project effectiveness. The Specialists shall be supported by designated County Environmental and Social Focal Points to implement the Project and shall be adequately resourced to support the management of E&S risks and impacts. County level Environment and



Social Focal Points shall be designated within three months after the project effectiveness and shall be maintained throughout the project life. The Project shall also hire external expertise and consultancy services, where necessary, to ensure that E&S risks are adequately assessed and managed. The project shall develop an environment and social capacity building plan during implementation to strengthen the E&S capacity gaps. Capacity building requirements have been incorporated in the ESMF and ESCP to be carried out as required throughout the project implementation.

54. The Stakeholder Engagement Plan (SEP) has been prepared for the project. The SEP establishes an effective platform for productive interaction with potentially project affected persons and communities and other interested parties. Project preparation was based on a participatory, inclusive and iterative approach involving all relevant public institutions, private sector associations, as well as the main stakeholders of the selected value chains and civil society. Stakeholder engagement will continue throughout project implementation. The SEP includes a Grievance Redress Mechanism (GRM) that provides avenues for project-affected persons and stakeholders to raise concerns and complaints and to seek resolution. The project SEA/SH risk is rated low using the World Bank SEA/SH risk assessment tool. However, given the general country substantial risk to GBV, the draft ESMF includes measures to prevent Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) during implementation. A project-specific gender-sensitive grievance redress mechanism will be established to respond to any potential complaints including SEA/SH during project implementation. The Stakeholder Engagement Plan (SEP) has been prepared for the project and shall be disclosed prior to appraisal.

E. Implementation

A. Institutional and Implementation Arrangements

55. Overall responsibility for implementing the project will rest with MoA. The ministry will collaborate closely with other relevant ministries and their respective departments and agencies, including with the Ministry of Public Works (MPW) on road works. The Infrastructure Implementation Unit of MPW, which is implementing the IDA-financed transport projects, will be responsible for implementing civil works under RETRAP. An inter-ministerial Project Steering Committee headed by MoA will provide strategic oversight for the project. The Steering Committee will include representatives of all relevant ministries and agencies, the private sector, non-governmental entities (such as the National Chamber of Commerce), and representatives of youth and women's organizations. The Steering Committee will meet at least twice per year and will be chaired by the MoA or its designated representative.

56. As noted, MoA will execute the project through its Project Management Unit (PMU), which is charged with the preparation and management of externally funded programs. The PMU will ensure compliance with all the legal and mandatory procedures stipulated in the financing agreement for RETRAP, including regular reports, audits, and safeguard compliance. The PMU will delegate the functions and responsibilities of day-to-day project coordination and management, including M&E and the engagement of international expertise, to a strengthened unit within its structure, the Project Implementation Unit (PIU) for STAR-P. Administratively, the PIU will report to the supervising ministry through the PMU. The RETRAP team based in the PIU will be headed by a Deputy Coordinator and will include a Procurement Specialist, Project Accountant, Environmental Specialist, Social Development Specialist, M&E Specialist, MIS Specialist, Agribusiness Specialist, Infrastructure Specialist, Advisory Services Specialist, and a support staff. See Annexes 1 and 2 for details.



B. Results Monitoring and Evaluation Arrangements

57. A robust M&E system will be built within the PIU to effectively monitor and evaluate the project. The PIU will have the overall responsibility for the project M&E system and work closely with CLFs to monitor project results, including output and outcome indicators. The PMU will liaise and coordinate with the relevant ministries, departments, agencies, and other government institutions (including research institutes), the private sector, and other projects to support monitoring and reporting. The PIU will be staffed with a qualified M&E Specialist with appropriate technical knowledge and experience, who will manage the day-to-day activities of the project M&E system. Data will be collected primarily by CLFs in each participating county, under the supervision of the M&E Specialist. CLFs will also work with relevant stakeholders and appropriately trained project actors to facilitate additional data collection.

58. The M&E system will employ an MIS to manage data and provide real-time information to project managers, which will increase overall efficiency and performance by facilitating the identification of problems and analysis of trends. The MIS will incorporate outcome and output indicators for each project component and subcomponent, performance indicators for all key project activities, a gender tracker, and safeguard indicators. For all indicators, the MIS will provide clear guidance on units of measure, frequency of data collection, data collection responsibilities, data source and methodology, definitions, and formulae. Reporting templates will also be available through the MIS where appropriate.

59. The project will collect both qualitative and quantitative data. Data will be collected at the beginning of the project to establish a baseline, against which subsequent data will be measured. Farmer field books, surveys, project completion reports, training logbooks, grant proposals, and other data sources will be employed to regularly inform key performance indicators, gauge dynamics of the agri-business linkages, and monitor implementation progress. At mid-term, a rapid survey will be conducted to assess whether the project is on course to achieve its objectives. An end-of-project survey will be conducted to assess the achievement of project targets and inform government project completion reports.

C. Sustainability

60. The keys to the sustainability of project investments are enhanced, climate-resilient productivity, leading to higher profitability; rigorous design and screening of prospective investments based on sustainability criteria; and human capital formation to maintain the productivity and profitability of beneficiaries' investments. By fostering alliances within the selected value chains, providing financing for alliance partners to make productivity-increasing investments, and opening access to markets, the project expects beneficiaries to obtain substantially higher profits from sales of more abundant and competitive products. Investment subprojects will be rigorously designed and independently assessed for technical, financial, social, and environmental viability to increase the likelihood that they will be sustainable. Based on lessons from previous projects, under RETRAP investment subprojects will be designed with greater emphasis on improving climate resilience, market access, profitability, and O&M. Investment subprojects will incorporate climate-smart agricultural technologies and practices to address the agroclimatic vulnerabilities identified at the farm level during the pre-investment stage. During the selection of subproject proposals, special attention will be paid to ensure that market demand is clearly identified and that subprojects are financially viable. Over the longer term, subproject investments will be sustained through the human capital formation (adequate capacity building and technical assistance) and tailored O&M procedures (working capital, capital cost, maintenance of infrastructure and equipment, administration, and so on) developed with support from RETRAP.



61. On the institutional side, the project will strengthen the strategic and operational capacities of public agricultural institutions, with an emphasis on rural technical assistance and extension systems, marketing, and risk management. Component 1 focuses specifically on strengthening beneficiary organizations and building the capacity of public institutions to provide the practices, technologies, and advice that will support sustainable rural enterprises in the selected value chains. These efforts will increase the likelihood that the project's impacts will be sustained after the project ends.

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