Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 26-Nov-2020 | Report No: PIDC30434

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Liberia	P175263		Liberia: Rural Economic Transformation Project (P175263)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA WEST	Mar 16, 2021	May 25, 2021	Agriculture and Food
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Republic of Liberia	Jeanine Milly Cooper	

Proposed Development Objective(s)

The project development objective (PDO) is to improve agriculture productivity and access to markets for selected value chains in the Project targeted areas.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	55.00
Total Financing	55.00
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

Environmental and Social Risk Classification	Concept Review Decision
Substantial	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Liberia is a fragile and conflict-affected country with a high vulnerability to external shocks.** Two civil wars between 1989 and 2003 destroyed the country's economy, basic infrastructure, and institutional framework resulting in poor living conditions for most of the population. Following over twenty-five years of economic contraction, Liberia's economy began to recover in 2004 with the Gross Domestic Product (GDP) growing rate at an average annual rate of 7.4 percent from 2004-2013**.** However, the outbreak of the Ebola Virus Disease (EVD) in 2014 and a sharp decline in global prices for two of the country's main export commodities (iron ore and rubber) disrupted Liberia's economic recovery, resulting in a stagnant real GDP growth in 2015. An incipient recovery began around 2017/18 but was short-lived and the GDP contracted again by 2.3 percent in 2019.

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

2. **The COVID-19 pandemic has further exerted increased pressure on the economy.** Real GDP is expected to contract again by 2.9 percent in 2020. During the first half of 2020, output declined in multiple sectors of the economy, including cement (45 percent), gold (33 percent), rubber (19 percent), and services (12 percent), reflecting the restriction measures implemented to slow the progression of COVID-19 and the weak global environment. A general lockdown aimed at containing the spread of the virus was imposed on April 10, 2020 and lifted on July 22, 2020. Inflationary pressures moderated to 13 percent in June 2020, compared to 29.9 percent in June 2019, due to lower fuel prices and tight macroeconomic policy. The depreciation of the Liberian dollar slowed to 1.5 percent in June 2020 compared to 30.2 percent in June 2019, reflecting an improvement by US$21.1 million in the trade deficit in Jan-June 2020 period. According to the Central Bank of Liberia (CBL), export receipts declined by 4.8 percent in January-June 2020 while the value of imports decreased by 7.4 percent. Fiscal policy was also tightened despite the COVID-19 pandemic with the fiscal deficit expected to be reduced to 3.7 percent in 2020, down from 6.1 percent in 2019. Nevertheless, the level of the public debt is expected to increase in 2020, reflecting mainly the economic contraction and the continued negative trade balance.

3. **Poverty remains widespread in Liberia.** With a Gross National Income (GNI) per capita of just US$600 in 2018, Liberia is among the ten poorest countries in the world. It also has high income inequality levels with an estimated Gini coefficient of 35.5 in 2016. From 2007 to 2014, Liberia's per capita GDP growth rate

averaged 3.3 percent per year, which helped reduce the poverty rate[1] from 68.6 percent in 2007 to 38.6 percent in 2014. However, from 2014 through 2019 per capita GDP contracted causing the poverty rate to rise again to 43.4 percent by 2019. In addition, there are acute rural-urban and gender disparities (urban population constitutes around 54 percent), driven by unequal access to land and productive assets, infrastructure and public services, and markets for both goods and labor. Liberia ranks 176th out of 189 countries in the 2019 United Nations Development Program (UNDP) Human Development Index. In the 2020 *Doing Business* report, Liberia ranked 175th out of 190 economies on the overall ease of doing business[2]. In terms of gender equality, Liberia ranks 97th out 153 countries in the World Economic Forum's gender equality index and 17th out of 34 countries in Sub-Saharan Africa.

4. **Liberia's development and poverty reduction programs are severely constrained by lack of road access.** With only 750 km of paved roads, Liberia is below SSA average road density. The 2018 World Bank Logistics Performance Index ranked the country 143rd out of 160 countries. Nearly 60 percent of rural Liberians lack access to an all-weather road, limiting their ability to participate in economic activities and access vital services such as health and education. Regional trade accounts for only one percent of the total merchandise trade, in part because of the poor condition of the key regional corridor in Liberia's, Trans-African Highway Seven (TAH7). Therefore, improving road access is imperative to promote national integration and economic growth. Despite abundant arable land and a hospitable climate for agriculture, Liberia faces chronic food insecurity in part because lack of road access and underdeveloped agro-logistic services hinder agricultural productivity and depress farm incomes.

Sectoral and Institutional Context

5. **Agriculture is the foundation of Liberia's economy and the key to food security and poverty reduction.** Agricultural production constitutes the most important livelihood for the average Liberian, involving more than 70 percent of the population. The sector accounted for 27.3 percent of real GDP in 2019 (a decline from 38.8 percent in 2010) and 43.3 percent of total employment (down from 57.4 percent in 1995). Majority of farmers grow cereals/staples, including rice (64 percent) and cassava (60 percent), followed by a variety of vegetables, such as a peppers (50 percent), bitter balls (44 percent), okra and green leaves (30 percent). Most of these famers cultivate an average of 0.7 hectares under rain-fed conditions generating small marketable surpluses. Tree crops, especially rubber, oil palm, cocoa and coffee, make an important cash crops to smallholder farmers and contribute significantly to the economy. Rubber is the most important cash crop in Liberia and accounts for almost 65 percent of total export earnings[3]. But Liberia imports 50-60 percent of its staple food requirements, making it vulnerable to global food price volatility.

6. **The Government of Liberia (GoL) considers agricultural growth to be critical for reducing poverty.** The GoL has developed a five-year National Development Plan referred to as the Pro-Poor Agenda for Prosperity and Development (PAPD). As stated in the PAPD, the government recognizes the need for inclusive and sustainable economic diversification to achieve structural transformation and growth, the urgency of

[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.
[2] World Bank report on Doing Business: Measuring Business Regulations: 2020. www.doingbusiness.org
[3] Rubber production increased from 46,819 mt in 2018 to 65,743 mt in 2019 (40.4 percent. Annual Report, CBL, 2019.

facilitating private sector participation in the economy, and the importance of the agri-food sector as an important engine of growth. It has also prioritized the agriculture sector in their commitment to diversify the economy and has identified eight priority value chains requiring support under the PAPD 2018–23. These include rice, oil palm, horticulture, cocoa, rubber, cassava, poultry, and pig husbandry.

7. **Liberia's agriculture is characterized by a diversified structure of agriculture production.** Forest-based and tree crop farming systems cover the largest proportion of the land area in Liberia. 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 livestock for the local market; and (iii) small household farms that use traditional production techniques and limited improved inputs with relatively low levels of productivity and limited access to markets.

8. **Liberia's agriculture is characterized by low productivity.** The long-lasting conflicts in Liberia have destroyed agricultural capital and disrupted food production, further compounding structural impediments and past policy failures. Since the end of hostilities, food production has increased, but smallholder yields remain low; e.g., in lowland rice production systems, estimated average farm paddy yield is 1.7 tons per hectare, while on-farm research produces up to 5 tons per hectare using improved variety and good production practices[4]. Globally, average rice yields in recent years have been at 4.2 kg/ha for paddy rice. Food value chains are also undeveloped, and institutions that provide advisory and support services are weak. Despite Liberia's large arable land, it has been estimated that at least 15 percent of the population was severely food insecure.

9. **Significant challenges are limiting increased agriculture productivity and value chains development in Liberia.** These include: (i) limited access to improved inputs and modern practices; (ii) limited extension services; apart from agricultural extension provided by non-governmental organization, government agricultural extension services are practically non-existent[5]; (iii) impaired market access due to limited network of roads and lack of compliance with evolving market demands; (iv) weak integration of value chains due to insufficient aggregation of agriculture production, and lack of storage, processing, and marketing channels; (v) non-existent sanitary and quality controls for agricultural products; and (vi) high levels of post-harvest losses. In addition, extremely high cost of electricity impedes the development of functioning and cost-efficient cold chains, which constraints competitiveness of Liberian fresh exports. Liberia will require critical facilities for managing sanitary and phytosanitary (SPS) requirements and support to private sector players to improve quality management through the adoption of (and certification in) good agricultural and agro-industrial practices Data collected for the Enabling Business in Agriculture 2019 Report (EBA) has identified significant weaknesses in all areas covered by the report, and Liberia's performance is found to be below the regional average in most areas, most notably in use of quality seeds, application of fertilizers, secure use of water, using adequate machinery, application of plant protection measures, sustainable

[4] Africa Rice 2018 field Research work in Liberia.
[5] The Ministry of Agriculture has developed a plan to post one extension officer per district, but in many cases these posts are vacant due to lack of funding. Also, where extension officers exist, they often lack transport to make field visits.

livestock management, and access to finance.

10. **Liberia's Agricultural Sector Investment Plan (LASIP II).** According to LASIP II, covering the period 2018-2022, the current strategic long-term vision for the agricultural sector is generally to promote an inclusive and sustainable agricultural transformation through catalytic investment in agricultural value chains and industrialization and resilience to ensure food and nutrition security, environmental health, job and wealth creation and inclusive growth. The challenges to this agricultural transformation are: (i) weak private sector and entrepreneurial skill; (ii) inefficient production systems; (iii) weak policy and business environment; (iv) significant human resource challenges; (v) inadequate infrastructure; (vi) insufficient agricultural funding; (vii) low productivity subsistence farming; (viii) inadequate natural resource management; and (ix) very limited agricultural research and development programs constraining adoption of modern practices and resulting in stagnant productivity.

11. **Poor road infrastructure has significantly hindered the growth of the agricultural sector.** Farmers' ability to access valuable markets and improved inputs to increase production is limited by the poor quality of the country's network of roads. During the May–September rainy season, movement from rural areas is significantly restrained due to heavy rainfall, 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 main roadways and some key feeder roads in productive areas, more work is needed to improve road and bridge infrastructure in remote rural areas. In recent years the GoL promoted a comprehensive road network to increase country's competitiveness including road in southeastern Liberia and the development of a coastal road link joining the capital, Monrovia, with Harper, capital city of Maryland County.

12. **Small and medium-size farmers trying to establish linkages with buyers have limited ability to deliver the required quantity and quality of produce in a timely and consistent schedule.** International experience shows that, even in the segment of emerging commercially-oriented farmers, it has been challenging for them to meet the demands and requirements of buyers, including supplying consistent quantities and quality of goods complying with sanitary and phytosanitary standards and delivered them on time. These small and medium-sized farmers are less capitalized than the larger individual commercial farmers or producing firms/corporations, have low technology adoption and limited access to information. They are also lacking the equipment, infrastructure, and farm management skills to diversify into new products and to become reliable suppliers to buyers and industry, in a modern market with increasing demands. Also, the limited size and weaknesses of their organizations creates uncertainties for the prospective buyers and constraints the flow of information, thus reducing possibilities for gaining access to remunerative markets.

13. **Access to adequate financial services, necessary for supporting investments and increasing farm productivity and agribusiness competitiveness, are quite limited.** The small number of financial institutions provide a limited array of products and services to the agri-food sector (credit extended to agricultural sector is estimated at 5.4 percent of total lending in the economy). Financing for agriculture is mainly limited to export crops such as rubber and cocoa, for which foreign investors provide finance for plantation development and donor-supported projects channel small amounts of financing through financial

institutions. The main obstacles for small and medium size farmers, are: (i) unsecure land tenure and limited availability of collateral due to absence of other forms of capital accepted as collateral (ii) low levels of financial literacy and credit background; (iii) common perception in the financial sector that agricultural is too risky and returns are uncertain; (iv) small farm size and low level of organization do not ensure adequate volume of supply with consistent quality; (v) limited experience by financial agencies in lending to the sector; (vi) financial intermediaries normally lend at short-term and are reluctant to lend for medium- and long-term investments.

14. **Women are major players in the agriculture sector, although facing substantial gender inequalities.** They comprise approximately 60 percent of the rural agricultural labor force and carry out 80 percent of agricultural activities throughout the planting season, including land clearing, planting, harvesting, and marketing. 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. Moreover, women have less access to productive inputs than men, including skills training, basic tools, and technology. Women's workloads are also increased during less productive periods, when many men migrate to seek work in mines, plantations, and urban areas, leaving women to care for their families and farms.

15. **Climate change and shifting cultivation are the most significant environmental threats in Liberia.** Liberia's susceptibility to negative climate impacts has significantly increased due to a combination of low agriculture productivity, climate vulnerability risks, population pressure and unsustainable natural resource management. According to data of the climate change vulnerability index, Liberia is among the top 20 most vulnerable countries in Africa. Major climate related changes including an average temperature rise (1-2 degrees Celsius), modified rainfall patterns, and more frequent extreme weather events (such as flooding and drought) are predicted to occur over the next decades. These changes may result in heat stress, reduction of food crops and fodder crop production both in quality and quantity, and higher susceptibility to pests and diseases. Given the climate sensitivities of multiple engines of growth, agriculture, natural capital, and infrastructure, the urgency for Liberia to ramp up climate-smart development at scale and across the growth spectrum is an imperative. Moreover, due to the availability of land and forests, farmers tend to shift cultivation to new plots annually to increase production rather than implementing improved agricultural management techniques, which contributes to deforestation. Low income populations struggle more than others to cope with and adapt to climate change and natural hazards, increasing their risk to fall deeper into poverty.

16. **GoL recognizes that transformation is required in the food and agriculture sector to maximize its contribution to economic growth and poverty reduction.** Within the framework of its Pro-Poor Agenda for Prosperity and Development, the GoL is focusing on three fundamental issues: (i) improved national food and nutrition security with the objective to increase food availability and production in order to spur local economic development and food security; (ii) enhanced agricultural productivity, competitiveness, and linkages to markets; focusing on 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; and (iii) strengthened human and institutional capacities with the thrust to

establish effective and efficient public sector frameworks in agricultural planning and coordination; reduce risks and improve coping mechanisms; mainstream gender and youth in agriculture and rural development and ensure sustainable use of natural resources.

17. The proposed Rural Economic Transformation Project (RETRAP) supports the GoL 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.

Relationship to CPF

18. **Country Partnership Framework (CPF) Pillars**. The proposed Project is in consonant with the three pillars of the CPF (FY19-FY24) 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).

19. **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 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 technologies[6]; and (iv) *Gender inclusion*: by helping removing the constraints in access and ownership of productive resources faced by women as well as support their access to information, financial services and technologies (for production, processing and marketing).

C. Proposed Development Objective(s)

The project development objective (PDO) is to improve agriculture productivity and access to markets for selected value chains in the Project targeted areas.

[6] 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).

Key Results (From PCN)

20. The following key performance indicators are proposed to measure the project outcomes:
    a) Farmers reached with agricultural assets or services, disaggregated by gender (Number) - Core Results Indicator (CRI);
    b) Farmers adopting improved agricultural technology; disaggregated by gender (Number).
    c) Increase in yield among project beneficiaries, disaggregated by key targeted commodity (Metric tons per hectare).
    d) Increase in volume of annual sales (Metric tons) for the target commodities produced by the beneficiary farmers' groups;
    e) Number of direct project beneficiaries (Number); disaggregated by type and gender (Percentage).

D. Concept Description

21. **The project addresses important challenges to developing agri-food value chains in Liberia.** These include: (i) weak capacity of support institutions for delivery of agribusiness services; (ii) poor organization of smallholder farmers; (ii) low agriculture productivity due to limited access to improved technologies, modern inputs, and advisory services; (iii) weak access to markets due to inadequate post-harvest, transport, and marketing infrastructure; and (iv) limited private sector investment in production, processing capacity and value-added activities. To address these challenges, the project will contribute to creating long-term economic opportunities for value chain actors by applying a three-fold approach: (i) strengthen critical institutions overseeing the development of the sector; (ii) intervene at various level of the supply chain via capacity building and investment subprojects focused on improving agriculture productivity and resilience of the food system to climate change, thus enhancing market access; and (iii) improvement of rural access and agricultural marketing through the upgrading of roads, construction of short-span critical cross-drainage structures, and improvement of agro-logistics centers.

22. **Targeted priority value chains.** Cassava, rubber, poultry, piggery and vegetable value chains where selected for Project support. These value chains will complement the value chains which are already supported under the World Bank-funded Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P – P160945): rice, oil palm, and horticulture. The selection was based on two sector scans[7, 8] which assessed a range of development impact criteria; including: (i) evidence-based market demand for selected commodities; (ii) high growth potential, demonstrated by positive growth trends of the value chains, scope for expanding production and increasing sales, and scope for value addition through processing; (iii) potential for poverty reduction[9]; and (iv) project-related aspects, including existing infrastructure and complementarities with other projects in the country.

[7] Netherlands Enterprise Agency, 2017. Sector Scan-Liberia Agriculture Sector.
[8] World Bank, International Finance Corporation, and GoL. 2017. Agricultural Commercialization and Agribusiness Development Project: Sector Scan Report.
[9] 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.

Vegetables production (home gardens) will also be supported because of its importance in generating incomes for women and for nutrition diversification at the household level (See Annex 1 for further details).

23. **Geographical focus and phased approach.** The Project is expected to operate in 10 out of the 15 Counties of Liberia (see Annex 2): (i) *Group 1*: covering the Bong, Lofa, Nimba, Grand Bassa, Bomi, Grand Cape Mount, Grand Gedeh and Maryland counties, which offer comparative advantage for the production of cassava; (ii) *Group 2*: covering the Counties of Montserrado, Nimba, Bong, Margibi, Bomi, Sinoe and Maryland counties, with advantages for rubber production; (iii) *Group 3*: covering the Regions of Grand Cape Mount, Bomi, Montserrado, Bong and Margibi for poultry/piggery production. The Project would give priority to counties where farmers organizations already exist, and where there are market opportunities (processing factories, close to urban areas, border-outlets, etc.), before moving to counties without any existing farmers organizations. The final selection of the project's intervention location for the selected value chains will be determined during project preparation in consultation with key value chain stakeholders.

24. **The project builds on the design features of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P, P160945).** The proposed project builds on the experience gained under the STAR-P Project, expanding the "Productive Alliance" approach to promote new selected value chains. This approach support producer organizations by bringing together: (i) a group of farmers producing a particular product; (ii) one or more (potential) buyers for that product; and (iii) other partners involved along the value chain providing services or undertaking some processing required by the final buyer/s (e.g., aggregation, handling, storage, processing). These entities, or participating members of the "alliance" are connected through a business proposition, or "business plan", which assesses the capital and service needs of the producer association, and proposes improvements that would allow them to upgrade their production capacities and skills to strengthen their linkage with the markets. The public sector is normally engaged in providing an enabling environment and, in many occasions, supporting the participating member preparing investment proposals, as well as providing adequate financing for implementing the proposal. Global experience has shown that the approach help solving multiple constraints by providing integrated solutions adapted to local conditions and explores the existence of significant motivations perceived by partners in the alliance and significantly contributes to increasing stability in prices, assured sales, as well as improvements in product quality and, hence, have resulted in increased revenues.

25. **In addressing identified value chain constraints and in partnership with IFC, the Project will include a spectrum of actions for Maximizing Finance for Development (MFD).** These actions, to be further developed during preparation, may include: (i) increasing the space for private sector activity; (ii) improving the policy and regulatory environment; for instance through establishing partnerships between operators within the value chains, and improving farmers – buyers contractual arrangements; (ii) facilitating access to finance for agribusiness development (provision of matching grants) and supporting agri-entrepreneurs to develop "bankable" and viable business plans; (iii) supporting essential public goods and services such as strengthening human capital, agricultural research/extension services, and public infrastructure (roads and market information) contributing to enhance market access; and (iv) technical assistance to financial institutions to strengthen their capacity for diversifying their financial products and expanding their outreach, as well as to address the lack of financial literacy in the group of potential beneficiaries.

26. **Scaling-up and disseminate innovative agricultural technologies:** Farmers' access to localized, relevant and timely information on crop management and market intelligence is critical to achieve project objective. In this context, mobile-based rural advisory services (RAS), has potential to drive greater productivity gains than traditional methods of extension and reduce information asymmetry on market prices etc. The project will identify and assess existing examples[10] of relevant modern and innovative solutions implemented in the country and provide financial support to customize such products for the project-supported producer organizations.

27. **The Project will also focus on other cross-cutting priorities.** These are; especially: (i) taking gender issues and empowerment of vulnerable groups (women and youth) into account in the context of broad social safeguards measures (ii) promoting mitigation and adaptation to climate change and adherence to environmental sound actions as well as giving priority to climate smart technologies enhancing resilience; and (iii) promoting inclusion of products for improving nutrition at household level; and (iv) giving priority to adoption of technologies reducing GHG emissions. The project will set targets for participation by women and youth and will prioritize subprojects that have the potential to generate full-time rural employment opportunities. When selecting subprojects for investment, the project will mainstream resilient and low carbon activities to help address agricultural vulnerability and reduce agricultural emissions of greenhouse gases (GHGs). The project will also promote climate-smart agriculture (CSA) approaches as well as best practices and technologies for water resource management to improve climate resilience. With regards to nutrition, the project will promote home gardening and simultaneously support the dissemination of information on sound nutritional practices among beneficiaries, particularly for women and children.

1. Description

Project Components

28. **Component 1: Improving the enabling environment, enhancing support services for agribusiness development and strengthening producer organizations (IDA US$3.5 million).** The objective of Component 1 is to improve the enabling policy and regulatory environment necessary for private businesses to increase investment and commercial activities and enhancing delivery of quality support services that can foster an inclusive and competitive development of this sector. The project will invest in development and maintenance of an Integrated Agriculture Business Information and Intelligence Information System (IABIIS) to improve service delivery capabilities of MoA. At the same time, the project will be supporting farmers in the formation of producer organizations (in areas where they are not present and assessed as feasible), as well as in developing their skills in technical, administrative/managerial and marketing activities. The

[10] Examples such as a) partnership between The Cookshop (a Liberian online food delivery startup) and GROW Liberia Program (agri-business and investment advisory program) to operate a Market Information System for agricultural commodity prices for farmers to post and review products and prices. The partnership leverages GROWs existing partnerships with the Monrovia Vegetable Sellers Association and the Farmers Union Network (FUN), and Cookshop's existing relationships with over 40 food retailers including restaurants, hotels and supermarkets; b) Power Gari, a nutritionally fortified cassava-based porridge, produced with R&D support of a Silicon-Valley based food-tech company, developing plant-based food products; https://nextbillion.net/low-tech-high-impact-food-production-africa/

component will finance combinations of specialized technical assistance, training, works, goods, consulting and non-consulting services, and operational expenses, as detailed below.

30. **Subcomponent 1.1: Improving public agribusiness services.** This intervention aims at enhancing the capacity of selected public services that are critical for enabling agribusiness; principally, Ministry of Agriculture (MoA), Cooperative Development Agency (CDA), Central Agricultural Research Institute (CARI), Soil and Crop laboratory, and the National Standard Laboratory (NSL, with national responsibility for testing food quality). The project will undertake a functional review of these entities and recommend solutions for improving the quality of their services. The focus will be on strategies and solutions for enhanced growth and entrepreneurship in the agribusiness sector; formulating interactive and demand driven knowledge, innovation and extension system with a focus on climate-smart technologies; promotion of investments in the sector (encouraging women and youth entrepreneurship); enhanced governance and partnerships across the value chains, and management of agribusiness development programs/projects. In principle, it will also support MoA to operationalize the sector's approved acts on seeds, food safety, pesticide, fertilizer and the national rice development strategy, updating and enforcement of standards in the agriculture sector; this will include the provision of technical assistance, training, and equipment; and (ii) establishing an agriculture database to support monitoring, research, policy-making and allocation of resources by counties. The system shall ensure that farmers, allied institutions of MoA (such as CARI, NSL) and private sector partners have a shared platform for data access, knowledge sharing and to avail advisory/financial benefits. The component will finance system design and maintenance, purchase of IT infrastructure, on-boarding of competent human resources and requisite IT service providers.

31. **Subcomponent 1.2: Enhancing value chain coordination and public-private dialogue-(PPD).** 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; (ii) support the establishment and operation of this mechanism, including training of main stakeholders on its effective use to improve the performance of targeted value chains; and (iii) support increased consultations among the value chain stakeholders (especially women), through regular forums to discuss the various constraints of the sector, review and update the government sector strategy, develop a shared vision and harmonized approach to minimize potential conflict, mainstream climate change in the programs, devise mechanisms for coordinating donor assistance and creating an enabling environment for private and public investments. It will also support establishing an Agribusiness Growth Delivery Unit (AGDU) as an agribusiness strategy incubator and strategic advisory arm of MoA.

32. **Subcomponent 1.3: Strengthening Producer Organizations**. This subcomponent will address the need to enhance capacities of targeted Farmers-Based Organizations (FBOs) to be able to address critical limiting factors to facilitate effective access to markets and sustainable integration with formal and lucrative value chains and providing support for taking advantage of investment opportunities. It will comprise financing of technical assistance, training and capacity building of beneficiaries and their organizations, as well as services for facilitating complementary services (financial, specialized technical assistance, inputs, certification services, etc.). Assistance will cover assistance to establish new organizations in areas where

they are absent (but it is feasible and there are clear competitive advantages) and legal assistance to their formal registration.

33. **Component 2: Enhancing Competitiveness and Market Access through Productive Alliances (IDA US$15 million).** The objective of this component is to promote the development of organizations of small and medium-sized agricultural producers participating in "productive alliances" with selected partners with the aim to be able to operate competitively in selected value chains, with strengthened and more reliable linkages with buyers and markets and increased capacity to manage climate risks. The basic approach is to promote investments and collective actions, with the aim of gaining economies of scale, enhancing bargaining power, facilitating knowledge sharing, and reducing costs of production and service delivery. The activities included in these subprojects could comprise eligible works, goods, and services required by different partners participating in the subproject to achieve measurable targets in terms of product/service specifications (such as quality, quantity, and delivery conditions) agreed with their respective prospective buyer or customers, within the framework of a joint business plan.

34. **Subcomponent 2.1: Pre-Investment Activities**. This subcomponent will support pre-investment activities to: (i) promote the project concept and increase outreach to potential FBO beneficiaries, commercial partners, and private financing entities, as well as identify productive alliances among FBOs and commercial partners; (ii) identify potential business opportunities on the part of the productive alliance; (iii) prepare business plans and proposals for Investment Subprojects reflecting the identified opportunity; (iv) build capacity among technical service providers to enhance the quality of the services provided to the productive alliances; (v) support project-related studies to promote specific, prioritized value chains and evaluate the potential for business plan investments to contribute to climate change mitigation and resilience and to the economic inclusion of otherwise marginalized groups. These investment initiatives (Subproject proposals) will be demand-driven and with clearly demonstrated benefits. Facilitators and Community Development Officers (CDOs) will be engaged for a maximum of 2 years of the project period to facilitate the preparation of Subproject proposals for farmers' groups and their participating partners. Capacity building will be provided for Facilitators, Services Providers, Farmers Groups and other Producer Associations.

35. **Subcomponent 2.2: Investment Subprojects Supporting Productive Alliances**. This subcomponent will provide technical and financial support (matching grants) for the implementation of technically feasible, financially viable, economically profitable, socially responsible, climate resilient and environmentally sustainable investment Subprojects, which will help producing a consistent and timely supply of quality produce to buyers, while helping to provide a reliable income to allied producers organizations and their partners participating in the "alliance". The implementation of these investment subprojects will make possible sustainable increases in productivity and improvements in quality of the products offered in accordance to market demands. The Subprojects will be prepared in a participatory fashion with support by the Project together with the potential beneficiaries (farmer organizations and their allied partners, such as aggregators, processors, technical service providers, lenders, etc.). Sub-projects with a clear impact on agricultural production resilience, using climate-smart technologies e.g. zero tillage, the use of soil and water conservation techniques such as tied-ridging, and of integrated soil fertility management options such as composting, and efficient use of mineral fertilizers would be particularly targeted and prioritized.

36. Eligible expenditure under these Subprojects include: (i) civil works (for example, lowland rehabilitation; clearing of bushland; construction of 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, for improved inputs); (iv) technical assistance and business advisory services supporting the implementation of the subprojects and enhancing organizations' administrative and managerial capacities. Investment proposals by farmers' organizations and agribusinesses that integrate climate-smart approaches throughout the value chain, such as 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 for extreme warm weather; flood-resilient design of production; and efficient pest and disease management; alternative sources of energy; water and wastage re-use systems, saving energy of implementing mitigating approaches reduce GHG emissions, will receive priority and may qualify for additional bonus financing.

37. These Investment Subprojects will qualify for receiving matching grant through three dedicated windows to support the development of value chains in selected commodities and supporting different types of beneficiaries, but all integrated into a single Subproject. The matching grant from the Project will cover a part of the overall cost of implementing the Subproject, making necessary for the beneficiaries to come up with their counterpart contribution (in cash). The level of required counterpart financing will depend on the type of beneficiary and the amount of the investment to be undertaken (ranges will be fully determined during preparation and included in detail in the Project Operational Manual). These windows are:

(a) **Window A**, which will <u>support to smallholder farmers organizations, targeting</u> organized smallholder farmers organizations that are eligible to receive matching grant funds as co-financing. In areas where the targeted beneficiaries are not organized, jointly with the Ministry of Agriculture, other government agencies and NGOs active in project areas, the project will support the formation of producer and agro-based organizations. The main beneficiaries of this window are small producers and other organized vulnerable groups, such as women entrepreneurs and women-led producer organizations and youth, who will be encouraged to participate through a targeted information campaign.

(b) **Window B**, supporting <u>commercially oriented farmers that are also service providers.</u> This window will contribute directly to boost agricultural production that will ensure there is a reliable supply of produce along the supply chain. Priority will be given to those commercially oriented farmers that (a) work with smallholder farmers by transferring new technologies and provision of technical assistance; (b) adapt technologies that address binding constraints and risks in agriculture, such as climate change; (c) create formal partnership with value chains to ensure access to markets and research organizations to ensure the transfer of new technologies; (d) create jobs; and (e) contribute to food security. In cases where it is not possible to work with organized farmers, these larger commercially-oriented farmer or service providers may be the vehicle to channel funding for investments to be made at the producing level, as well as to channel the technical assistance and the improved inputs.

(c) **Window C,** supporting all other <u>partners or participating members of an alliance</u> (integrated in a single Subproject), such as private business and enterprises providing any aggregation, processing or service that is essential to the success of the Subproject according to the demands of the buyer/s and, at the same time, requiring a new investment to adapt its operations in order to comply with the buyer/s demands.

38. **Component 3: Agro-logistics and Infrastructure Investments (IDA US$31.5 million).** 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 improvement of agro-logistics centers. Expected outcomes from such investments are improved quality of products and reduced post-harvest losses, reduced marketing costs and better connection between producers and buyers, and improved competitiveness of the domestic production in supplying of food products to major consumption centers and export points.

39. **Subcomponent 3.1: Roads**. Complementing the planned road works works financed as part of the South Eastern Corridor Road Asset Management Project (SECRAMP; P149279) under which a total of 100km length of road between Ganta and Tappita is to be rehabilitated, the Project will support the rehabilitation of 40 km section of the 112 km long Tappita - Zwedru road[11]. The project will use Output- and Performance-Based Road Contracts (OPRC) under Design, Build and Transfer (DBT) methodology and will also finance the associated consultant services. According to a conceptual design carried out, the proposed design includes a full construction of the road to a two-lane carriageway with bituminous surfacing along the existing right-of-way, with a 20-year design life. The conceptual design study anticipates reduced vehicle operating costs and reliable year-round access resulting in significant increases in additional traffic generated. As part of the road design, the project will also incentivize contractors to choose materials and implement processes that generate less emissions, adopt engineering and structural measures and bioengineering involving the use of vegetation either alone or in conjunction with other civil engineering structures. Once rehabilitated, it is expected that the road will play a key role in improving market access for farmers, businesses, traders and agro-processors and transport service companies and unlocking the agricultural potential of the entire south-eastern region.

40. **Subcomponent 3.2: Agro-logistics**. With regards agro-logistics interventions, the project will facilitate the preparation of a national agro-logistics program to outline the policy framework and identify the main infrastructure networks required to enable proper transport and distribution of agricultural/agro-industrial products. It will also finance investments including: (i) construction of a number of open market sheds and small storage facilities; (ii) construction of selected infrastructure that require specialized handling agri-produce; and (iii) construction of market internal path-ways, drainage infrastructure, toilets and clean water facilities. The infrastructure to be rehabilitated or established under the Project would incorporate design standards ensuring their resilience to the main local risk factors (geophysical conditions and climate change) and their potential for climate co-benefits (e.g. improved energy efficiency, use of renewable energy, etc.). Detailed locations of these infrastructures and their operation and management would be identified and discussed during project preparation.

[11] Currently, the Ganta -Tappita stretch, almost halfway to Zwedru, is under financing from from GoL, World Bank and Liberia Reconstruction Trust Fund (LRTF) sources (Ganta-Saglepie, 39km financed by GOL, and Saglepie-Tappita, 61km financed by WB/LRTF) under the South Eastern Corridor Road Asset Management Project (SECRAMP). The AfDB is also financing the paving of the stretch from Zwedru to the Ivorian Border in the South. A gap of about 85km is still under discussion for financing by donors in the next round of allocations.

41. **Component 4: Project coordination and Management (IDA US$5 million).** The aim of this component is twofold: (i) ensuring that GoL is better equipped to respond to crises and emergencies; and (ii) establishing appropriate coordination, Monitoring and Evaluation (M&E), and communication regarding Project implementation. The Project will finance the creation and operation of a National Coordination Office (NCO) within MoA, through provision of appropriate staffing and operating resources. The NCO will be responsible for: (i) ensuring effective planning, implementation and monitoring of the Project activities; (ii) fiduciary management and environmental and social safeguard compliance; (iii) effective coordination with participating stakeholders and partners; (iii) evaluating the Project's final results, outcomes, and impacts on value chain actors; and (iv) ensuring efficient knowledge management and effective communication on project activities.

42. **Component 5: Contingency Emergency Response Component – CERC (IDA: US$0.0 million).** The objective of this component is to provide immediate response to an Eligible Crisis or Emergency, as may be presented in the future. The CERC is one of the Bank's contingent financing mechanisms available to Borrowers to gain rapid access to Bank financing to respond to a crisis or emergency. It is included as a Project component that is designed to provide swift response 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 the triggering of the CERC will be included in the Credit Agreement, which will require (inter-alia), the 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, this component would allow the government to request the World Bank to reallocate uncommitted resources from other project components to this component in order to cover emergency response and recovery costs or, eventually, to channel additional financing that may become available because of the emergency.

Legal Operational Policies	**Triggered?**
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Environmental Risk Rating

The environmental risk rating for the proposed project is 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 project's 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 will be further assessed along with appropriate mitigation measures in the Environmental and Social Management Framework (ESMF) to be prepared for the project prior to appraisal. The proposed road improvement of 40 km under Component 3 might result in environmental, occupational, and community health and safety risks. The risks and impacts will generally range from minor to substantial but mainly localized. 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 ESS.

Social Risk Rating

The social risk rating for the proposed project is 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, agribusiness service providers and project if selection of beneficiaries is not transparent. Risk of exclusion of poor households and vulnerable groups and elite capture of project benefits (e.g. the Matching Grants, provision of farm inputs, access to information on crop management and market intelligence), poses substantial risk. Similarly, risks and impacts associated with temporary and permanent land acquisition for rural agribusiness infrastructure (e.g. warehousing, processing 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. While use of local labor is anticipated, use of migrant workers and risk of use of child labor and/ or forced labor cannot be ignored. The risk of Sexual Exploitation and Abuse and Sexual Harassments (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 communicable diseases including spread of COVID-19 are anticipated given the project interventions will be implemented in counties where potential for spread of infectious diseases cannot be ignored.

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