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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 17-Apr-2017 | Report No: PIDISDSC21914



BASIC INFORMATION

A. Basic Project Data

Country Liberia	Project ID P160945	Parent Project ID (if any)	Project Name Smallholder agriculture Transformation and Agribusiness Revitalization Project (STAR-P) (P160945)
Region AFRICA	Estimated Appraisal Date January 15, 2018	Estimated Board Date June 20, 2018	Practice Area (Lead) Agriculture
Lending Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Development Planning	Implementing Agency Ministry of Agriculture	

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Proposed Development Objective(s)

The proposed development objective is to increase agricultural productivity and promote commercialization of smallholder farmers through productive linkage between the farmers and the private agribusiness firms in selected value chains.

The project will aim at smallholder commercialization and facilitating private sector investment in agribusiness by fostering productive business linkages between smallholder farmers and selected agribusiness firms with capacity strengthened by private business service providers. Agribusiness firms and SME groups will be selected on the basis of their innovative plans and experience working with organized farmers' groups or cooperatives. The project will aim at supporting a few commodity value-chains with significant potential for enhancing competitiveness and creating jobs.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	30.00
Total Project Cost	30.00

Environmental Assessment Category
B-Partial Assessment

Concept Review Decision

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No



Note to Task Teams: End of system generated content, document is editable from here.

Other Decision (as needed)

INTRODUCTION AND CONTEXT

A. Country Context

- Liberia is a country characterized by a fragile post conflict socio-economic environment with a heavy reliance on food imports and high rates of destitution, food insecurity and malnutrition.** Liberia covers a total area of 111,369 square kilometers and is home to about 4,294 million people with a population growth rate of about 2.4% (LISGIS population projection for 2014). The fertility rate was projected at 5.0 births per woman in 2012 and the GDP growth rate at 6% annual change in 2014. According to the 2015 UNDP Human Development Index report, the country ranked 177 out of 188 countries (UNDP HDI, 2015), with endemic malnutrition and the main reason for child deaths, with 39% of children stunted and 7.5% severely malnourished. The unemployment rate for males is estimated to be 18.8% and, for females, 34.2%. The country experienced 14 years of brutal civil conflict which ended in 2003, followed by a democratically elected first female President in Africa in 2005. Since the end of the conflict in 2003, the country has been at peace, but 80% of its population still lives below the poverty line. Youth population is on the increase in the country; in 2014, 40 percent of Liberia’s population was under 15 and another one-third was between ages 15-35. From 2014, the country’s economy has faced twin shocks of the Ebola crisis and the sharp fall in commodity prices.
- The Ebola crisis and the sharp fall in commodity prices experienced since 2014 have had a severe negative impact on the Liberian economy.** Real GDP growth was estimated at 8.7 percent in 2013, 0.7 percent in 2014 (initially projected at 6 percent), and zero percent in 2015. The terms of trade shocks, which have been exacerbated by the draw-down of the UNMIL peacekeeping forces, pushed the economy to a contraction in 2016. Before the crises, growth was driven by the expansion in iron ore mining as well as increased activity in the construction sector. Rubber production and exports were already slowing, reflecting protracted low international prices. Production in the mining sector slumped with the sustained reduction in iron ore prices, leading to either scaling-down or closure of iron ore companies. This has led to job losses and a decline in government revenue. The economy contracted by nearly 16 percent in 2015 and by an estimated 33 percent in 2016 (see Table 1). As a result, the inflation rate moved from an average of 7.7 percent in 2015 to 8.8 percent in 2016. This was largely the due to the relatively fast depreciation of the Liberian dollar against the U.S. dollar, and the subsequent rise in the cost of food, given that Liberia is mostly a net-importer of food. The rise in the cost of living and limited employment opportunities have continued to undermine the welfare of Liberians in both urban and rural areas.

Table 1: Estimated Impact of the twin shock on GDP Growth



Source: World Bank and IMF staff estimates, May 2017.

	2014			2015			2016		
	Initial Projection (June 2014)	Revised Projection	Actual Outturn	Initial Projection	Revised Projection	Actual Outturn	Initial Projection	Revised Projection (Dec 2016)	Est. Outturn (May 2016)
Real GDP growth	5.9	2.5	0.7	6.8	0.3	0.0	2.5	-0.5	-1.6
Agriculture and fisheries	3.5	1.3	-3.7	5.3	-1.1	0.7	1.9	6.4	6.4
Forestry	2.0	2.0	2.2	6.5	2.0	2.0	2.0	-7.0	0.0
Mining and panning	4.4	-1.3	3.3	4.8	-17.0	-15.9	-11.5	-23.8	-33.0
Manufacturing	9.6	5.0	-0.7	10.1	6.1	-1.5	8.7	-4.9	-5.2
Services	8.1	4.0	2.3	7.7	5.0	4.3	5.4	3.9	2.1

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- These twin shocks have eroded most of the important gains that Liberia made in reducing poverty and vulnerability since the end of the civil war.** Household incomes have suffered from the substantial loss of jobs and/or declining real wages and the proliferation of low-wage self-employment activities. The substantial slowdown in economic activity across all sectors led to lay-offs and reduced working hours, while the delays in investments in key sectors including mining and agriculture have severely limited the level of job creation. Low international commodity prices for Liberia’s main exports, including rubber, also limits income from cash crops. The net effect is that poverty was estimated to increase to 57.6 percent in 2016.
- In order to ensure quicker and stronger resurgence from the effects of the twin shocks, there is need to support key sectors such as agriculture, as a way to diversify the economy away from heavy reliance on extractives.** Agriculture sector contributes over 60% of the Gross Domestic Product (GDP) and provides some form of livelihood to over two-thirds of the population. Liberia’s long-term development vision (Liberia Rising 2030) of inclusive growth can only be realized by supporting agriculture and other primary sectors that support the livelihood of the majority of the population. Furthermore, agriculture is one of the potential sectors which can create employment opportunities to absorb the growing youth population.

B. Sectoral and Institutional Context

- Agriculture remains a key factor to Liberia’s economic growth, wealth creation and food security. Agriculture was responsible for one-quarter of real GDP growth of 8.7 percent in 2013.** Agricultural employs approximately 70% of the labor force. With a population of just over four million, most households are involved in agricultural production for subsistence purposes, producing little surplus for either the domestic or export market. Agriculture



will remain a major driver of growth for the future. Despite the twin shocks of the Ebola Virus Disease, and the tumbling of commodity (rubber and iron ore prices, the agriculture sector is projected to make positive gains and its growth projected from 1.4% in 2016 (compared with 3.9% real GDP growth) to 7.2% in 2020 (compared with 7.7% real GDP growth).

6. **However, the Liberian agriculture is dominated by the subsistence system which is less productive. The smallholder system supports over 80% of the farming population, mostly living in the rural areas.** The sector faces persistently low productivity, with cereal yields estimated at around 1.5 metric tons per hectare (FAOSTAT) compared to the regional average of over 2.0 t/ha and the potential yield in excess of 5.0t/ha (World Development Indicators, WDI, 2016).¹ Liberia agriculture also has **large-scale plantations (mainly rubber and oil palm concessions) and an emerging domestic commercial-scale farms.** The large-scale plantations (Concessions) focus mainly on rubber and oil palm, with vertically integrated supply chains incorporating production and primary processing. They are operated by multinational companies, who augment their own production through purchases from smallholder producers, and produce exclusively for export. The Liberian commercial farms are characterized by limited mechanization, limited on-site processing, and employment of wage labor, grow rubber, oil palm, rice and a few livestock enterprises. Those that grow rubber and oil palm sell to plantations. The smallholder production system mainly grows mainly food crops (rice, cassava) and cash crops (cocoa, some coffee) using traditional production techniques and limited improved inputs. Livestock and fisheries are relatively small, but critical in supporting the majority of the livelihoods.
7. **The sector has a good potential for export generation and growth, job creation and significant value addition. Developing agriculture is vital for promoting economic recovery and ensuring inclusive economic growth.** The GoL is focusing on productivity increases by promoting adoption of proven technologies of targeted crops and foster value chain development. The main aim of the Government of Liberia’s Agenda for Transformation (Aft) is to promote the agribusiness sector by incentivizing private sector participation supported by policy reforms that will create an enabling environment for investors. This strategic focus is on technology-driven production increases, reduction of post-harvest losses and downstream processing of targeted crops to produce intermediate products for export. Another important aim of the Aft is to reduce importation of food. This new emphasis fits into Liberia’s Poverty Reduction Strategy (PRS), particularly its second pillar “economic revitalization” which advocates the promotion of export oriented economic growth and facilitate rural development. It also fits the Bank’s Country Partnership Strategy (CPS) 2013-2017 and would contribute to its pillar on economic transformation. Furthermore, it aligns well with the recent Post Ebola-Recovery Plan and it is a strategic thrust of the Government’s Agricultural Transformation Agenda.
8. **Just like neighbouring Sierra Leone, Liberia has natural comparative advantage in the production of staple crops such as rice, as well as tradable global commodities such as rubber, oil palm and cocoa.** Given its land abundance relative to the population, the country has already attracted a considerable number of multinational and domestic agribusinesses who have obtained long-term concessions to produce these tradable commodities. The country therefore needs to focus on how best to integrated smallholder farmers into such organized supply chains in order to benefit from technical know-how as well access to reliable markets. However, iintegrating smallholder farmers

¹ World Development Indicators (WDI). 2016. World Bank, Washington DC, United States of America.



into a well-networked and sustainable agricultural value chains is likely to face very serious challenges. Efforts of the larger farmers to extend opportunities to surrounding smallholders throughout-grower schemes are undermined by critical capacity and organizational constraints facing smallholder farmers.

9. **This project will focus on addressing the technical, institutional and organizational challenges that affect the productivity and competitiveness of smallholder farmers.** Most of these challenges emanate from institutional, policy and market failures which affect the farmers' capacity to access improved seeds and fertilizers that could rapidly increase yields, lack of organizational skills which invariably lowers productive efficiency, and lack of favourable markets for their commodities either due to public infrastructure challenges and/or depressed competitiveness. Furthermore, across the sector, poor quality transport infrastructure adds to the inefficiency of value chains that are, in any case, fragmented with few opportunities for value addition. Poorly integrated markets disrupt the flow of market information which, coupled with high transaction costs, limits farmers' market power. This is exacerbated by the absence of storage infrastructure. The legacy of conflict deters collective action necessary for aggregating volumes to capture economies of scale and raise bargaining power.
10. **Improving smallholder technical and organizational skills is very critical for successful integration of smallholder farmers into the agricultural value chains.** Smallholder farmers are inherently less adept to participate in organized supply chains because they are viewed by agribusiness and financial market players as a high-risk group. Due to a combination of technical inefficiency and lack of organization, supply response among smallholder farmers has been low and less attractive to organized supply chains and other players along the agricultural value-chain. For the agriculture sector in Liberia to successfully transition from subsistence farming to farming as a business, value chain players—farmers and agribusinesses will need assistance to establish viable agribusiness development relationships. This project aims at taking the first step towards laying the foundation for sustainable and inclusive agricultural development in Liberia by helping to address the key constraints (policy, technical, managerial/organization, market access) that depress the ability for farmers to move on from subsistence to commercialized system of farming.

C. Relationship to CPF

11. **The Liberia Country Partnership Strategy FY13-FY17 (CPS) supports the government's Agenda for Transformation (AfT), Liberia's five-year development strategy, and contribute to sustained growth, poverty reduction and shared prosperity,** while exiting fragility and building resilience (World Bank Liberia Overview, 2015). The CPS is aligned with the AfT and it focuses on three pillars: Economic Transformation, Human Development, Governance and Public Sector Institutions. The proposed agribusiness project is aligned with the Country Partnership Strategy (CPS)² and will contribute to two out of its three pillars: Facilitating pro-poor growth and rehabilitating infrastructure to jump start economic growth. The project is also in-line with Liberia Poverty Reduction Strategy (PRS), especially its second pillar that focuses on revitalizing the economy through the promotion of export oriented economic growth and consolidating the role of the private sector, as well as facilitating rural development by increasing rural incomes, and contributing to poverty reduction.

² World Bank, Liberia Country Partnership Strategy (FY) 13-17



12. **The project is also aligned to the Liberia Agricultural Transformation Agenda (LATA)** which has developed targeted programs and action plans aimed to raise productivity of the sector by delivering modern inputs and finance to farmers and agribusinesses. A major goal of LATA is to create incentives for investments in production, agro-processing, and marketing of agricultural products, and speed up agricultural industrialization through the establishment of an Agricultural Enterprise Processing Zone and Agricultural Corridors. The project will further consolidate the gains achieved through the Bank’s current portfolio of projects in the sector. For example, the World Bank *supports smallholder tree crop revitalization support project (STCRSP)* which aims to increase access to finance, inputs, technologies and markets for smallholder tree crop farmers in Cocoa, Coffee, Rubber and Oil Palm through an out-grower model arrangement with concessions. It also supports productivity of cassava and rice through WAAPP project. Furthermore, the project will coordinate with other development partners such as the EU, USAID, FAO and WFP who have also made significant impacts on food crops, tree crops and livestock. However, not much has been done on supporting agribusiness development apart from the financing schemes of IFC, support from T&C of the World Bank and the USAID-LADA that significantly works on increasing private sector investment in the Liberia agribusiness sector.

PROPOSED PDO/RESULTS

A. Proposed Development Objective(s)

20. **Proposed Development Objective:** The proposed development objective is to increase agricultural productivity and promote commercialization of smallholder farmers through productive linkage between the farmers and the private agribusiness firms in selected value chains.

21. The primary project beneficiaries will be rural farmers in production Counties for the targeted value chains including women, youth and the marginalized groups as well as Agribusiness firms and SMEs willing to work with smallholder farmers.

B. Key Results

22. The project seeks to lay the basis for the transformation of the agricultural sector of Liberia with a long-term objective of improving food security, gaining access to markets and boosting incomes of smallholder farmers in selected value chains. It is anticipated that the interventions of the project would lead to the achievement of the following key results, namely increased yield, increased volume of sales, increased value addition, reduced postharvest loss and increased access to markets.

The Table below provides a summary of the key expected results and proposed PDO level results indicators:



Key Results

Increased yield by value chains
Increased volume of sales

Increased production

Direct Beneficiaries

Adoption of new technologies

Improved access to markets

PDO Level Results Indicators

Yield per targeted crops (MT/ha)
Volume of sales (measured in tons) and values (measured in Liberia Dollars LRD) over the baseline for each value chain.

Quantity of output produced (mt) disaggregated by gender.

Farmers reached with agricultural assets or services.

Farmers adopting improved agricultural technology.

Volume/Value of annual sales volume (mt & \$) for the targeted commodities produced by the farmers' groups disaggregated by gender and sales to agribusiness firms and the open market.

Key outputs and related intermediate level results indicators will be developed during preparation.

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23. The project will track gender sensitive indicators in order to determine the overall impact of the interventions on female farming households.) One of such gender-focused indicators is a direct project beneficiary, 40% of which is female. A separate indicator will also cover citizen engagement on the project.



PROJECT CONTEXT

A. Concept

1. Description

24. Project approach: The proposed project aims at promoting smallholder agriculture commercialization and improve access to markets through facilitating linkage with private sector firms. Efforts at commercialization of agriculture in Liberia have been constrained by lack of organization capacity of the producers, inadequate access to productive assets and modern technology and market access issues. The inputs market is not well organized and farmers lack the capacity and information to respond appropriately. The access of these farmers to assets and credit is limited and therefore constrains their ability to expand production, increase yield or engage in partnership with major players within value chains. This project will promote productivity by strengthening agricultural and existing farmers' organizations to enable productive business linkages between organized groups of smallholder farmers and selected agribusiness firms. This will be done across targeted value chains with focus on improving production system, the extension services, enhanced opportunities for value addition and access to markets. The project will establish partnership with the private sector and entrepreneurs for effective forward and backward linkages with producers. New marketing channels will be explored including commodity off-take arrangements, contract farming, out-grower schemes etc. Agribusiness firms, Nucleus farms and MSME groups will be selected based on their innovative plans and experience working with organized farmers' groups or cooperatives.
25. The project will work with selected private nucleus farms, agribusiness firms and Small and Medium-Scale (SME) groups that are willing to incorporate productive linkage arrangements with smallholder farmers, as part of their overall long-term business plan. The project will assess the capacity building and finance needs of the agribusiness firms and MSME groups to make them productive and competitive in their business activities since most of the agribusiness owners have weak business management capacity coupled with low level of education. Matching grants will be provided for Agribusiness firms that have business linkages with smallholder farmers through market orientation, input facilitation or processing. The project will aim at supporting a few agricultural commodity value-chains with significant potential for enhancing competitiveness and creating jobs. While the project will aim at addressing production constraints, it will focus primarily on constraints affecting the overall value-chain performance, such as high aggregation costs, high processing and marketing costs, as well as quality issues. It will support skill development and financing modalities to facilitate jobs and entrepreneurship for rural farmers/youths with a focus on value chain segments. Furthermore, the project will support public-investment type of activities aimed at building the capacity of smallholder farmers to meet the volumes and quality targets specified by agribusiness firms. This support will also include strengthening the policy and institutional capacity of government institutions responsible for providing public sector services and policy environments conducive for agribusiness development.
26. Scope and Scale: The project will target up to 3 value chains which will be determined based on consultation with government and the results from the Liberia Sector Scan study conducted jointly with IFC and the T&C unit. Coverage will be limited to Counties where the select value chains can be produced competitively and there are existing and



potential agribusiness and investors. The selection criteria will be further refined during project preparation. The project will have three (3) components as follows:

Component 1: Institutional Capacity Building for farmers, state and non-state organizations (US\$ 5 million)

27. This component is designed to build the capacity of community institution, enhance capacities of the supply chains of selected agricultural commodities, and improve agricultural policy environment. It has two sub components:

1.1 *Strengthening Existing Smallholder Farmer-Groups for selected commodity value-chains(US\$ 2 million):* This sub-component will support the existing organization of smallholder farmers into viable farmer groups and cooperative associations that will optimize capacity building and institution strengthening, so as to enhance their influence along their respective supply chains, increase their ability to create stronger market linkages, and better position them to influence government on policy on agriculture. There are existing farmers' groups and cooperatives from WAAPP and previous projects in Liberia that are partly functional but not well coordinated. Efforts will be made to strengthen these groups into STAR-P farmer groups (SFGs) and subsequently federated at a later stage into STAR-P Cooperative Associations SCAs) at the County level. The SFGs will be supported to prepare acceptable business plans, negotiate supply contracts with agro-service dealers and processing firms, and forge financial linkages with financial institutions. Project funds will also provide training for SFGs and SCAs on how to develop good and quality products for niche markets. SCAs will be empowered to identify, design and share infrastructure investment costs, use and maintain productive assets, formulate demand for advisory services. This component will also provide communication and information support within STAR-P, MoA and as forms of institutional strengthening of producer groups/ its networks; market orientation; and institutionalization of market information system among others. The project will finance the design and implementation of its own communication programs, and will also create opportunities to disseminate information about the project and its guidelines to potential beneficiary SFGs and private sector actors to enhance comprehension of the content of the project implementation manual by all key stakeholders – SFGs and agribusiness investors. The focus will be mainly on institutionalization of market information system and market orientation. The system will introduce the use of information technology by producer groups, cooperative associations and districts to increase transparency. Internet services will also be provided to connect communities to markets.

1.2 *Capacity building/ Institutional support for Government MDAs and selected non-state institutions (US\$ 3 million):* This subcomponent will support capacity development for appropriate arms/ agencies of government and selected non-state institutions mandated to support agricultural development. This will take forms of technical assistance, training, and equipment supplies, among others for participating Counties. The Counties will also be made to extend, built capacities and management support to SFGs on continual basis so as to enhance the sustainability of the project investments. There will also be capacity development for government ministries and agencies responsible for the promotion of agribusiness development in Liberia. Such support will be provided to the following institutions: Ministry of Agriculture, Central Agriculture Research Institute (CARI), Liberia Business Association (LIBA), Cooperative Development Agency, Liberia Produce and Marketing Corporation (LPMC) and the Ministry of Commerce and Industry (MOCI) etc. The project will selectively support activities and services of these MDAs that are relevant to developing agribusiness in Liberia. In addition, the project will provide some funding for periodic policy dialogue between government, farmer groups, MSMEs and other important actors along the agricultural value chain. The LATA delivery mechanism will also be strengthened including the extension services and the CDA county units. It will support capacity development and establishment of special delivery unit for LATA that will drive the policy and activities of LATA and provide the coordination mechanism of activities of MoA, MoCI and MFDP. The sub component

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will also strengthen county units of CDA to provide hand-holding for farmer-groups in formation of cooperatives, capacity building and effective link to the District administration. The project will provide for the role for Value Chain Coordinator for each of the selected value chain at the MOA.

Component 2: Financial and Technical assistance for Productivity Enhancement, (US\$ 21 million)

28. This component is designed to sustainably increase agricultural productivity and competitiveness through matching grant support to farmers and agribusiness for increased investment in value chain segments and farmers' linkage activities. This component will also finance productivity enhancing assets, new production technologies and small scale infrastructure.

2.1 *Value Chain Financing (VCF) and Technical Assistance (TA) for Agribusiness/Outgrowers support (US\$ 11 million)*: This sub-component aims to improve smallholder farmer productivity, market access, and farm income by strengthening market linkages between smallholder farmers, organized in producer organizations, agribusiness firms, and the public sector in targeted value chains. Stronger farmer-agribusiness linkages are important in addressing key inefficiencies along value chains, providing incentives and helping to manage risks that are essential in promoting inclusive growth. Project interventions will help address critical market failures that persist in agricultural value chains including limited market access for farm products, weak farm agribusiness linkages; irregular and inconsistent supply of farm products to agribusinesses; limited access to affordable finance; inadequate skills and access to technology; and policy, institutional, and coordination failures. Strengthening linkages between farmers and agribusinesses therefore create incentives for farmers to adopt new technologies and farm practices that can increase productivity as well as create market opportunities that contribute to boosting incomes of targeted beneficiaries and improving competitiveness of the agriculture sector.

The project will facilitate market linkages between existing farmer producer organizations by actively brokering off take agreements between farmer producer organizations, SMEs, and buyers of agricultural products. Eligible producer organizations will be supported to develop a business plan the will describe their capital needs, farm and value-added productive investments, and services to increase productivity, improve efficiency, and enhance market access. Eligible Producer Organizations will receive project support based on a competitive evaluation of business plans submitted in response to a call for proposals. Project support will involve provision of financing for productive investments, technical assistance, and business development services. Productive investments, include support for production inputs, processing equipment, and other assets that can increase productive capacity, value addition, and marketing opportunities of the producer organization. Technical assistance will be used to deliver services to producer organizations, such as extension services, technology demonstration and transfer. Business development services will include support for managing farming as a business, accounting, and financial services. Agribusiness SMEs will also be able to participate in offtake agreements, value addition and market opportunities. In addition, the project will provide technical assistance to build the capacity of producer organizations, including upgrading their governance, management, and negotiation skills to deal with buyers and agribusiness firms.

Project financing for productivity and quality improvements will be designed to meet product specification determined by buyers. Project support for Technical Assistance and Business Development Services will aim to enhance the capacity of beneficiaries to improve their business operations, formulate, and implement business plans. A competitive matching grant scheme will be established to provide financing to eligible producer groups, cooperatives and agribusiness SMEs. The matching grant will finance investments in productivity enhancing activities, such as farm inputs, technology acquisition and upgrade, infrastructure, implementation of innovative business practices and acquisition of technical, business, and managerial skills. The matching grant facility will be implemented by the PIU with additional support from a consulting firm or NGO with grant management experience. Private service providers, NGOs, and public sector agencies will competitively bid to provide technical assistance and BDS.



2.2 *Matching Grants for FBO assets and related market infrastructure (US\$ 7 million)*: Matching grants will be utilized to support investment in a package of inputs, advisory services, assets and market infrastructure from the business plans of the farmers organization. STAR-P farmer groups (SFGs) and processor groups (SPGs) will be empowered to undertake initiatives that will assist them to increase value added products and reduce post-harvest losses. For the economically active producer groups (SFGs and SPGs), who constitute the majority of beneficiaries, the Project will contribute 70 percent of the total cost of the desired subproject, while the Beneficiaries will make a 30 percent contribution to be paid up front. This sub-component will also place substantial emphasis on supporting the expansion of economic opportunities for women and youths. Advisory services will also be supported to increase the adoption of new technologies by beneficiaries of the STAR- P project. This sub-component will finance the acquisition of advisory services and new improved production Inputs through matching grants as a means of partly addressing the failures of the financial and credit markets in the Liberian agriculture sector. First, this subcomponent will co-finance the procurement of advisory services from certified and registered service provider by SCAs, to transfer technical know-how on proper use of production inputs. Beneficiary farmers groups are expected to make a counterpart contribution 10 percent of the cost of procuring advisory services. Second, the facility will be used to enhance the financial capacity of STAR-P farmers/farmer groups to purchase improved production inputs (such as seeds, fertilizers, fish feeds, and agro-chemicals). Under this sub-component, STAR-P farmer/farmer groups will receive Matching grants equivalent to 50 percent of the purchase price of new technologies for a maximum period of two years. Confirmation by the Project of the deposit of the counterpart contribution of 50 percent by the beneficiaries into the Project Account is required before actual procurement of advisory service or improved input. The sub-component will partner with WAAPP project to strengthen the “Innovation Platforms” where all value chain actors meet to address challenges and initiate contractual arrangements. The beneficiaries will be linked to these Platforms and skill training schemes will be developed and provided. In addition, the Project will target poor STAR-P Farmers (SPFs) and disadvantaged groups (such as the handicap, widows, the sick, and economically-inactive members of the community) who do not currently have access to either subsidized or market rate credit. At least 50 percent of funds provided under this subcomponent will be given to targeted vulnerable groups. Furthermore, the project will provide **a one-time grant** equivalent to the full cost of their asset subproject, to assist the targeted vulnerable groups constitute an asset base for their income-generating activities.

Project resources will also be allocated as grants to qualifying producer associations for rehabilitation of existing and/or construction of new productive physical infrastructure projects that will facilitate the process of smallholder farmer commercialization by promoting increased productivity, value addition and access to agricultural markets. This sub-component will facilitate repairs and sustenance of selected production infrastructure, such as farm service centers and rehabilitation of low land areas. The project will earmark investments for minor irrigation infrastructure creation and management on lowland (such as lift irrigation and tube- wells). The project will partner with energy GP of the Bank for supply of solar driven pumps, provision of farm light and link to existing hydro facilities. Limited tube-wells with pumping facilities will be provided in critical areas for high value produce such as rice and horticultural crops.

Under this sub-component, funding will also be provided for the restoration of selected postharvest infrastructure (aggregation centers, ware houses, storage silos, etc.); construction and maintenance of transportation infrastructure (feeder and access roads, culverts, and small bridges); and repairs and improvising of necessary processing infrastructure (seed processor, crop processing facilities, etc.). Funding principles will be 90 percent grants and counterpart contributions of up to 10 percent by producer associations in the community of the investment costs (in cash or in materials and labor).



2.3. *Support to SMEs (US\$ 3 million)*: Matching grants and technical assistance will be provided to competitively support SMEs to mitigate risks of adoption of new technologies on production lines with substantial benefits to the smallholder farmers. Technical Assistance and Business Development Services will be provided to enhance the capacity of beneficiaries to improve their business operations, formulate, and implement business plans. The competitive matching grant scheme will be established to provide financing for investment in productivity enhancing activities. These will include technology acquisition and upgrade, infrastructure, implementation of innovative business practices and acquisition of technical and business skills. It is also anticipated that the matching grant will be used by the SMEs to leverage financing from commercial bank lending. The combination of Technical Assistance and financing will be used to boost their productivity and increase market access.

Component 3: Project Management, Monitoring and Evaluation (US\$ 4 million)

33. The project is expected to be implemented through a Project Implementation Unit (PIU) to be housed within the Program Management Unit (PMU) with oversight from the Ministry of Agriculture (MOA). As part of project preparation and appraisal, there will be an assessment of the MOA and other relevant sector ministries to provide effective project management (including fiduciary management), monitoring and evaluation (M&E) of the proposed STAR-P activities. This component will support the establishment, operational costs and equipment required to coordinate project implementation among all the project implementing partners, including the private sector agribusiness firms. It will also fund the setting up and implementing the project's M&E framework and critical studies such as baseline study and impact evaluation.

34. A detailed M&E plan will be prepared to align project activities and tasks with the key results and the related PDO level results indicators and the intermediate level indicators at the component level. There will be systematic internal monitoring of activities and results that will be fed into the preparation of Implementation Status Report and Annual progress reports.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The specific sites for the project are not known yet at this stage. However, the project aims to work with selected private nucleus farms, agribusiness firms and MSME groups that incorporate productive linkage arrangements with smallholder farmers, as part of their overall long-term business plan. Beneficiaries will therefore be drawn from all over the country where there are smallholder farms, agribusiness firms and MSME groups that may meet the criteria for selection under the project.

B. Borrower's Institutional Capacity for Safeguard Policies

The project will be implemented by the Ministry of Agriculture (MoA) through a project implementation unit that will be responsible for the day-to-day running of the project. The MoA is familiar with the World Bank Safeguards Policies, as it has been involved with implementing World Bank financed projects for several years. Staff of the PIU however are usually consultants who are not MoA staff. MoA as an institution does not have trained staff for implementation of project safeguards instruments. The safeguards capacity of the MoA as an institution is therefore low or non-existent. The PIU is staffed with a safeguards specialist who is responsible for the implementation of the project safeguards instruments.



There will also be several safeguards focal persons at the county level who will ensure sub-project level implementation of project safeguards instruments. Several capacity building workshops will be organized for the PIU and relevant staff of MoA. This will include safeguards training during the inception workshop as well as trainings organized during project implementation.

C. Environmental and Social Safeguards Specialists on the Team

Sekou Abou Kamara GEN01
Gloria Malia Mahama GSU01

D. Policies that might apply

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Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project components are yet to be finalized. This policy is triggered since proposed activities will involve agricultural productivity enhancement. Productivity enhancement may involve introduction of hybrid varieties and increased use of agrochemicals which may have potential adverse impacts on the environment. The project also intends to undertake some civil works. Under sub-component 2.1, the project will support the development or improvement of transportation and market access infrastructure, especially feeder roads, in the selected project locations. The potential project impacts are however expected to be moderate. The actual locations and sizes of sub-projects are not yet known in sufficient detail at this time of project preparation. An Environmental and Social Management Framework (ESMF) will be prepared by the project and disclosed in-country and on the Bank Website prior to project appraisal.
Natural Habitats OP/BP 4.04	No	Project will not support activities in natural habitats. The project will target existing smallholder farms which will be screened before inclusion under the project to avoid selecting farms that may have impacts on critical natural habitats and other natural habitats. The ESMF will include checklist (negative list) that prohibits investment in critical natural habitats.
Forests OP/BP 4.36	No	The project activities will not involve investment in forest or protected areas or related forestry activities that may have the potential to adversely impact forests, or restrict people access to, or use of forest resources. The ESMF will contain screening checklist (negative list) that will prohibit investment in critical forest areas.



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Pest Management OP 4.09	Yes	The project activities may involve procurement, transportation or storage of pesticides or pesticide application equipment as well as other agrochemicals.
Physical Cultural Resources OP/BP 4.11	No	There are no recognized physical cultural resources in the project area. Project activities will not involve large excavation. Chance find procedure will be included in the project ESMF and site-specific ESMPs when required.
Indigenous Peoples OP/BP 4.10	No	This not applicable to the project area and to Liberia at large.
Involuntary Resettlement OP/BP 4.12	Yes	Project activities may lead to land acquisition either for crop cultivation or construction of agricultural infrastructure including irrigation facilities and rehabilitation of farm roads. The exact location of subprojects, the extent of land required and land acquisition arrangement are not yet known at this stage. The project will prepare Resettlement Policy Framework (RPF) to be disclosed prior to appraisal. The RPF will contain a checklist for screening sub-projects during implementation. Where required, Sub-project specific resettlement action plans consistent with the guidelines established in the RPF will be prepared and submitted to the Bank for approval and disclosure before civil works commences.
Safety of Dams OP/BP 4.37	No	Project activities do not involve construction of new dam or renovation of existing dams. The project will not rely on any existing dams.
Projects on International Waterways OP/BP 7.50	No	The project activities will have no impact on international waterways.
Projects in Disputed Areas OP/BP 7.60	No	Project activities are not within disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

September 15, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

July 10-September 30, 2017



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APPROVAL

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Approved By

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Note to Task Teams: End of system generated content, document is editable from here.

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