

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB6136

Project Name	Togo Agriculture Sector Support Project
Region	Africa
Country	Togo
Sector	General agriculture, fishing and forestry sector (61%); Crops (39%)
Lending Instrument	SIL
Project ID	P118045
<i>{If Add. Fin.}</i> Parent Project ID	N.A.
Borrower(s)	Government of Togo
Implementing Agency	Ministry of Agriculture, Livestock and Fisheries
Environmental Screening Category	{ }A { X }B { }C { }FI
Date PID Prepared	January 24, 2011
Estimated Date of Appraisal Completion	February 1, 2011
Estimated Date of Board Approval	April 12, 2011
Decision	Project authorized to proceed to negotiations upon agreement on any pending conditions and/or assessments
Other Decision <i>{Optional}</i>	<i><u>Teams can add more if they wish or delete this row if no other decisions are added</u></i>

I. Country and Sector Background

Togo is a small country in West Africa with a population of 6.5 million as of 2009, of which about 70 percent live in rural areas. Togo remains a very poor country, ranking 142 out of 178 according to the 2009 Human Development Index. About 62 percent of the population lives below the national poverty line, with poverty higher in rural areas.

In May 2002, as a consequence of the political and economic crisis, Togo fell into arrears with the World Bank, and operations were suspended, along with almost all dialogue and analytical work. This long crisis severely affected the economy of Togo and hampered the capacity of the government to deliver basic social services to the majority of its population. Most donors left Togo during the crisis years and support for agriculture development dwindled. The country is now emerging from these crisis years during which economic growth was slow and volatile. However, during the past year and a half, Togo's economic recovery has been dampened by the global recession. GDP growth is estimated at 3.1 percent in 2009, while real GDP per capita barely grew. Togo is unlikely to achieve many of its Millennium Development Goals by 2015. The Government of Togo (GoT) has limited fiscal space and weak mechanisms and capacities to react. In 2009, it adopted a full Poverty Reduction Strategy Paper (PRSP 2009–2011), whose

ultimate objective is to achieve effective and sustainable improvement of people's living conditions by addressing the principal causes of poverty.

Togo was severely impacted by the surge in global food and fuel prices, further aggravated by heavy flooding in the summers of 2008 and 2010. Food prices rose by 34 percent on average¹ and never fell back. An assessment by the UN World Food Programme shows that coping strategies include adults reducing their daily food intake in favor of children, downgrading the nutritional quality of the main meal, eating seeds stocked for the next season, and selling livestock. To date, agriculture sector assistance from DPs in response to the food price crisis has been focused on crop-related activities (through inputs support, such as seeds, fertilizers and equipment purchase) and safety net programs. Critical emergency support to the livestock sector has not yet been provided.

Togo's main economic activities are agriculture, phosphate mining, trade, and transit activities. Agriculture employs two thirds of the population and accounts for about 38 percent of GDP. However, this is mainly subsistence agriculture based on traditional practices and subject to the vagaries of climate and price fluctuations. Yields have been consistently low for food crops and the performance of the main export crops (cotton, coffee and cocoa) has been deteriorating. Meat and fish production are also low and the country faces massive imports to make up its food deficit. Rural infrastructure is scarce, poorly maintained, and constitutes a major constraint to growth. Economic studies show that agriculture will remain the main source of growth and employment for the foreseeable future. Growth in the sector is expected to have a strong effect on poverty reduction: it is estimated that a 1 percent growth of agricultural GDP would lead to a 2 percent reduction in the incidence of poverty at national level.

II. Sectoral and Institutional Context

Agro-climatic conditions are generally favorable for agriculture in Togo, and the country benefits from the only natural deepwater port in West Africa, which facilitates trade and its role as a hub for the sub-region. The agriculture sector bears the greatest potential to directly increase the income of the poor. Food production has increased at an annual rate of 3.0 percent from 1990/91 to 2004/05, although the technical level of most farms is still very low (with no or limited use of improved inputs, production methods and farm equipment), and the irrigation potential is largely untapped. Access to financing is limited outside the cotton system. The main food crops are cereals (maize, sorghum, millet, rice), tubers (cassava, yams) and legumes (cowpeas, soybeans), which roughly contribute to two thirds of the agricultural GDP. Animal protein production (meat and fish) is very low and a large amount is imported (needs in meat are covered at 60 percent only and those in fish less than 50 percent, despite low consumption levels compared to other countries in the region), generating a significant need for hard currency. Traditional export crops have been declining: cotton production has fallen dramatically from 187,000 tons in 2003 to 25,000 tons in 2009, while cocoa and coffee exports have fallen by half to levels below 10,000 tons. A variety of other niche exports are possible, should private investors be encouraged. Developing Togo's agricultural potential requires both the promotion of exports, including to sub-regional markets for crops which already satisfy domestic demand, and

¹ FAO final report (May 2009) : « *Analyse de la situation du secteur de l'alimentation et de l'agriculture au Togo à la suite de la flambée des prix des produits de base* »

selective import substitution, notably for rice and animal products, where there is raising demand stemming from strong population growth, urbanization and expected higher levels of income.

The livestock sector accounts for 14 percent of agricultural GDP; however, herders have not recovered from food price crisis effects and remain among the poorest. The sector's potential for growth and poverty reduction has been severely impacted by the recent food price crisis and subsequent lower revenues. Stock-raising in Togo is constrained by poor mastery of zootechnical parameters and remains seriously threatened by epidemics (prevalence of Newcastle disease ranges between 40 and 70 percent). Low household incomes make veterinary care out of reach, thus exacerbating animal mortality levels. Herders are facing distressed livestock product sales creating further asset depletion. In the case of small ruminants, the food crisis caused a negative selection process, with higher yielding and resistant breeding stock being sold off before its productive life span. Food crisis emergency assistance has focused on crop production only, and no support has been provided to restoring the livestock sub-sector following the food price crisis.

Recent analysis² identified key sector constraints: (a) typical low-input, low output-coping strategies which results in low productivity and weak agricultural integration with upstream and downstream activities; (b) lack of processing industries, while marketing of agricultural products faces constraints within the country and across borders; (c) inadequate research and extension, as well as services, limiting dissemination and adoption of new technology; (d) poor rural infrastructures and limited funding for agricultural water development. Additional cross-cutting issues also need to be addressed, such as land reform and poor access to financial services.

Apart from constraints deriving from low levels of investment in the agriculture sector, key challenges also include weak institutional capacities, lack of coordination and weak services delivery due to a deteriorated business climate. In 2009, GoT engaged in the reform process of key line ministries to increase its capacity to embrace poverty reduction strategies and economic growth. MAEP's reform already includes the first time implementation of a MTEF in 2010, but much remains to be done for the ministry to be able to manage agricultural growth investment programs under the overall coordination of its General Secretariat. Throughout MAEP, there is a critical need to strengthen administrative organization and functions with new legal, financial and technical tools, and with a view to implement an efficient results based management system. Producers' organizations, active in Togo not only for traditional export crops but also for major food crops, also need to be better prepared to sustain fruitful relationships with government agencies and the private sector and thus contribute to the development of organized value chains.

GoT considers that the agricultural sector is the key engine of economic growth in the macroeconomic framework of its PRSP. The overall objective is to transform agriculture into a competitive sector using efficient production techniques and well trained, dynamic and professional farmers and farmer organizations, while integrating conservation of the environment and sustainable management of natural resources. The development of the sector should be equitable, integrate gender concerns and support vulnerable poor rural households. Togo encompassed the general orientations of the recent Comprehensive Africa Agriculture Development Program (CAADP) to design its national agriculture and food security investment plan (PNIASA: *Programme National d'Investissement Agricole et de Sécurité Alimentaire*); the country was first in West Africa to sign a national Compact (July 30, 2009), thereby committing to allocate at least 10 percent of the national budget to agriculture by 2010 and targeting 9

² Country Economic memorandum, Diagnostic Trade Integration Study and the Irrigation Review Study

percent annual agricultural growth by 2015. A Partnership Framework was signed in February 2010 to structure dialogue with development partners for PNIASA implementation. The Bank was requested to take the lead and help mobilize donor agencies, align and harmonize their interventions, and strengthen the capacity of the MAEP to achieve PNIASA implementation.

The Bank is co-chair of the newly created Agricultural Donor Working Group in Togo. A first group of donors (including the World Bank, IFAD, BOAD and EBID) has indicated willingness to invest in the sector and support the first trans-sector PNIASA priorities in a concerted manner. Other donors may join in the future. The World Bank, through its International Development Association and the use of trust funds (including GFRP and GAFSP), has committed to contribute resources for supporting the productive sectors and for institutional strengthening. The Bank is also committed to financing agricultural research and extension through a separate regional project, WAAPP (West Africa Agricultural Productivity Project). Additional Bank support is also under preparation through the TerrAfrica program (US\$5.49 million under GEF5 over the 2011-15 period) to provide "Ecological Support to Agricultural Activities of PNIASA", through the Ministry of Environment and Forest Resources.

Other Bank activities in Togo include a Development Policy Operation and the scaling up of the Community Development Project (CDP). The Third Economic Recovery and Governance Grant provides financial support (US\$16.3 million) to the GoT for the implementation of the government reform agenda for economic and social recovery and pro-poor growth; a fourth ERGG is in the pipeline, to be approved by the Board of Directors before the end of FY11. A Bank executed trust fund provided by the Bill & Melinda Gates Foundation has just initiated assistance to undertake a review of Togo public expenditure in the agriculture sector.

III. Project Development Objectives

The overall development objective of the Bank-financed project is to rehabilitate and reinforce productive capacities among project beneficiaries across selected value chains, and to foster an enabling institutional environment for the development of the agricultural sector.

IV. Project Description

The Project provides both short-term emergency response to support livestock herders and the recovery of the livestock sub-sector, and long-term investments for agricultural development. It includes three components: (i) promotion of strategic food crops, export crops and freshwater fish production; (ii) recovery of the livestock sub-sector; and (iii) support for capacity building and sector coordination. The Project does not attempt to respond to the wide array of needs articulated in the PNIASA, even if there are presently no other donors available to finance. Instead, the Project will focus on activities to develop key productive sub-sectors, which are expected to generate results in the medium term and can be measured by the end of the project (Component 1), and will finance immediate, short term investments to achieve quick results in livestock herd recovery (Component 2). Component 3 is aimed at building capacity in a weakened public service, with a medium to long-term perspective for establishing laying a sound institutional environment to support PNIASA implementation and prepare for a SWAp in the future.

Clear demarcations were sought to differentiate between the use of IDA, GAFSP and GFRP resources according to their respective orientations and eligibility criteria. GAFSP resources will support medium and long term objectives, and help the country restore its exports and develop strategic food crops value chains and freshwater fish production, by building sustainable mechanisms that link producers to inputs and markets, and contributing to capacity building. The GFRP grant will focus on emergency activities supporting the recovery of the livestock sub-sector following distress sales and asset depletion induced by the food price spikes. IDA funds will support much needed MAEP reform, capacity building and sector management, including project coordination and M&E.

Project components

Component 1: Promotion of strategic food crop, export crop and freshwater fish production (total Bank channeled contribution of US\$17.5 million). The overall output of the component is improved production and value-added of key commodities chosen for their growth potential and poverty reduction impact.

Sub-component 1.1: Support for food crops development (GAFSP contribution of US\$7.5 million). The sub-component will foster the development of food production and integration of key value chains by building innovative and sustainable market based mechanisms. This will be mainly achieved through partnerships between producer organizations, input distributors, wholesalers, food processors and marketers, financial institutions and other service providers. The project will support: (i) the scaling-up of the already piloted ESOP model (*Entreprises de Services et d'Organisation des Producteurs*³ successfully developed in Togo and Benin since 2002 with support from two NGOs) for processing key strategic products (especially rice, soybeans and cassava) through a qualified service provider recruited under a performance based contract; (ii) pilot inventory credit schemes (warrantage) for cereal producers (especially maize and sorghum) in regions meeting economic viability conditions and in connection with contracting partners already bearing expertise in this field, which will be selected through a competitive development funding process; (iii) innovative initiatives to expand market access for other crops (e.g. fruits and vegetables) through a competitive grant scheme; and (iv) information and communication campaigns to promote Togolese food products on local and regional markets, through matching grants. This sub-component will generate synergies with other projects, by capitalizing on the improved technologies and services provided through the WAAPP, and on the producer organizations and infrastructures strengthened through the PADAT, to improve integration across the targeted value chains.

Sub-Component 1.2: Support for export crops (GAFSP contribution of US\$7 million): the Project will continue to monitor the policy dialogue between GoT and its internal/external partners and support MAEP, in collaboration with the private sector, in the design and implementation of the necessary reforms for the three traditional cash crops value chains (cotton, coffee, cocoa). For cotton, the Project will support institutional strengthening of the producers' organization (FNGPC), in order to enable it to take full responsibility for input distribution to farmers, to improve quality of seed cotton and to participate effectively in the governance of the

³ Business Services and Producer Organizations

cotton company (NSCT), as a strategic shareholder. The Project will also finance a study for preparing the entry of a private partner in the capital of the cotton company and for the creation of the cotton inter-professional board. For coffee and cocoa, the Project will support gradual regeneration of the existing plantations (and some extensions in favorable zones) through (i) provision of adapted technical advisory services under the joint coordination of ICAT; and (ii) provision of good quality planting material. The Project will also support the restructuring of FUPROCAT and of the inter-professional board (CIFCC). For export diversification, the Bank will support promising innovative micro-projects targeted at non-traditional export crops through a competitive grant scheme.

Sub-Component 1.3: Support for freshwater fish production (GAFSP contribution of US\$3 million): this sub-component will aim at improving the management of inland fisheries and developing fish farming, of particular interest to small rural enterprises and to youth groups. The Project will support efforts to increase the supply and access to five “critical inputs” required for aquaculture development: information, fingerlings, feed, finance and markets. A series of fish production training and demonstrations will be conducted on existing private fish farms that will serve as a basis for technical packages that demonstrate profitable and environmentally sound best management practices. Additionally, some small inland water bodies will be re-stocked with fish following adoption of co-management plans with relevant stakeholders, particularly fishers. Resources will also be used in a compensation plan to provide legal-size fishing nets and small livestock as an alternative livelihood for Lake Nangbeto⁴ fishers and fish-vendors (essentially women) for the one season of expected low captures following renewed enforcement of the fishing regulations⁵.

Component 2: Recovery of the livestock sub-sector (emergency GFRP contribution of US\$9 million). In view of GFRP eligibility criteria, this GFRP funded component will have a shorter implementation time than the other components, with a 4 year timeframe and a closing date by December 2015. Activities will focus on quick results for investments geared at restocking and enhancing productivity of short cycle species (small ruminants and poultry), building sustainable mechanisms already piloted by NGOs in the country. Such activities are meant to bear a direct impact on reducing poverty. GFRP emergency funding will focus on three most critical factors: (i) re-stocking with locally available breeding herds and flocks of higher genetic potential for growth and disease resistance to compensate for asset depletion and mortality in selected areas, drawing on the experience of competent local NGOs and on enhanced breeding facilities at ITRA, as well as new or upgraded border inspection/quarantine facilities for animals purchased in neighbouring countries; (ii) support to animal health and disease control programs (country-wide de-worming and vaccinations campaigns, using a sustainable mechanism for vaccine procurement and administration already developed in Togo) and enhanced control of the inputs supply chains; and (iii) support to the provision of enhanced traditional farm animal housing using readily available techniques and local materials, through the training of available service providers and direct assistance to farmers with a view to improve traditional husbandry and reduce the loss of animal due to diseases, predation and theft. Communication to reach out to targeted groups and training to mitigate risks will be included as an integral part of each of these three clusters of activities.

⁴ Togo’s largest inland water body, with an estimated annual catch potential of 1,000 to 1,500 tons

⁵ The fishers/vendors themselves have identified farm animals as the most likely alternative

Component 3: Support for capacity building and sector coordination (total Bank channeled contribution of US\$10.5 million). In accordance with the Partnership Framework agreement, the implementation of PNIASA investments will be coordinated by MAEP, under the responsibility of the General Secretariat. GoT is committed to implementing a reform of the MAEP and has already started fulfilling its pledge to allocate at least 10 percent of its budget to the agriculture sector. Therefore, the objective of this component is to strengthen the capacity of MAEP to coordinate the implementation of this Bank financed project efficiently and manage other PNIASA investments, while preparing the transition to a SWAp in the future⁶. It will lead to an increase of the physical and financial execution rate of sound agricultural investments in Togo. It will also help mitigate mismanagement risks and minimize transaction costs.

Sub-component 3.1: Reform and capacity building of MAEP (IDA contribution of US\$6.3 million). The Project will support the implementation of MAEP reform including the restructuring of MAEP and its subsidiary agencies at central and regional/local levels, the introduction of a results-based management and accountability system (RBMAS), the strengthening of fiduciary management capacities in all MAEP structures, and the modernization of MAEP infrastructures and equipment. MAEP restructuring will result in a new MAEP organigram that will be endorsed by the Cabinet. The RBMAS will be introduced as part of the restructuring targets. MAEP structures (directorates at central level, regional structures and specialized agencies) will be subject to performance agreements agreed and monitored by the General Secretariat. The General Secretary (or his delegate) will also sign and monitor the implementation of service delivery contracts with private agencies. Specifically, the Project will finance: (i) methodological support (e.g. studies, manuals) and tools (e.g. software) for the implementation of the MAEP reform (including the RBMAS), and of the fiduciary management and M&E systems; (ii) the accompanying training plan of MAEP staff, to ensure effective capacity building; (iii) critical managerial or technical studies (such as on land tenure reform, producers access to inputs, water management potential, etc) to accompany sector policy reform, and their public dissemination, and (iv) the modernization of MAEP's infrastructures, equipment and work environment (construction and restoration of buildings, purchase of computer equipments, internet access, vehicles etc).

Sub-component 3.2: Sector coordination and program management (IDA contribution of US\$2.2 million and GAFSP contribution of US\$1.5 million). The sub-component will strengthen MAEP's capacity to coordinate the implementation of the Project and of the PNIASA, overall. To this end, the Project will finance the technical assistance of an International Consultancy Firm (ICF), recruited through a performance based contract from the beginning of the project to assist in project implementation and supervision, and to strengthen MAEP's structures, processes and capacities through the transfer of competencies. The technical assistance support will cover ICF's staffing and operational expenses, as well as small office equipment. In addition, the sub-component will finance: (i) an interim work plan and annual budget, which will be developed to launch Project implementation, before the actual

⁶ By Project completion, the following SWAp features will be in place: (i) effective Government ownership; (ii) enhanced PNIASA, as a sector strategy consistent with higher development objectives; (iii) improved MAEP mid-term expenditure framework; and (iv) key tools for future harmonization and consultation, ready to be negotiated with donors and national partners.

implementation of the MAEP reform and of the RBMAS; and (ii) activities related to the supervision and the M&E of the Project and PNIASA (including M&E surveys, audits etc).

Sub-component 3.3: Management of financial support instruments (IDA contribution of US\$0.5 million). The Project will contract with a private partner to help refine and operate financial support instruments for service delivery to beneficiaries: (i) grants and matching grants; (ii) competitive funds; and (iii) credit guarantee (using GoT available resources of US\$1.5 million for this purpose). The Project will ensure that only viable loans are guaranteed by the fund.

V. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	7.9
International Development Association (IDA)	9.0
Global Agriculture and Food Security Program	19.0
Global Food Crisis Response Program	9.0
Total	44.9

VI. Implementation

The General Secretariat of MAEP will bear the overall responsibility for PNIASA coordination. It will delegate the operational responsibility of the PASA Project to one senior staff, competitively selected for this position. In collaboration with the Directorate in charge of planning and the Directorate in charge of financial affairs, this MAEP coordination team (PASA Delegated Operational Coordination – DOC) will be in charge of the fiduciary aspects, planning, progress reporting, and the overall management of the project. The operational execution of project activities will rest with delivery agencies, including MAEP’s directorates and agencies, private service delivery partners, producer organizations, NGOs, etc. The Project will build on the availability of such service providers in Togo, as a rather strong a civil society emerged during the crisis years. An ICF will be competitively recruited under a performance based contract, to provide technical support to MAEP⁷ using an approach based on companionship, quality control and gradual phasing out. On average, the ICF technical assistants will be present full time during the first 2 to 3 years, and part time during the last years of project implementation.

Given their current capacity constraints, MAEP’s directorates and agencies will take up their roles incrementally. In the early years of project implementation, they will be supported by the ICF experts, who will provide critical assistance in key areas such as RBMAS, financial management, procurement, M&E, and relevant agricultural expertise, including policy guidance. ICF experts will closely liaise with designated MAEP staff, who will gradually take charge of all the project implementation tasks. The ICF will aim at putting the MAEP-DOC “in the driver’s seat”; to this end, its assistance will be underpinned by a competency transfer strategy and will follow a phasing out plan. For the latter, the projected milestones are to close the ICF full time supporting activities at the end of year 3 and then gradually reduce its presence until project end.

⁷ Such support to MAEP will benefit both the implementation of the PASA and WAAPP-1C projects

An Inter-ministerial Steering Committee (CIPS: *Comité Interministériel de Pilotage Stratégique*), chaired by MAEP, will oversee the overall PNIASA implementation, including activities financed from this project. The Technical Steering Committee for the Agricultural Sector (CTP), chaired by the General Secretary of MAEP, will: (1) monitor the developments and progress in the agricultural sector, (2) facilitate dialogue with technical and financial partners for the implementation of the sector program and projects, (3) monitor and coordinate all partners involved in PNIASA implementation, and (4) review and approve the annual technical and financial reports on project implementation, before their submission to CIPS.

Partnership arrangements derive from the framework agreement signed in February 2010 between GoT and development partners for PNIASA implementation. Donor consultations have been intense throughout the design phase of all three projects implemented under the PNIASA umbrella (PADAT, WAAPP and PASA). This partnership eases the fiduciary aspects of PNIASA implementation from various funding sources.

VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[]
Natural Habitats (OP/BP 4.04)	[]	[x]
Pest Management (OP 4.09)	[x]	[]
Indigenous Peoples (OP/BP 4.10)	[]	[x]
Physical Cultural Resources (OP/BP 4.11)	[]	[x]
Involuntary Resettlement (OP/BP 4.12)	[x]	[]
Forests (OP/BP 4.36)	[]	[x]
Safety of Dams (OP/BP 4.37)	[]	[x]
Projects on International Waterways (OP/BP 7.50)	[]	[x]
Projects in Disputed Areas (OP/BP 7.60)*	[]	[x]

VIII. Contact point

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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

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