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The World Bank

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Report No: PAD508

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON

A PROPOSED CREDIT
IN THE AMOUNT OF SDR15.9 MILLION (US$ 23.82 MILLION EQUIVALENT)

AND

A PROPOSED GRANT
IN THE AMOUNT OF SDR 17.5 MILLION (US$ 26.18 MILLION EQUIVALENT)

TO THE

REPUBLIC OF COTE D'IVOIRE

FOR AN

AGRICULTURE SECTOR SUPPORT PROJECT

July 16, 2013

CURRENCY EQUIVALENTS

Exchange Rate Effective June 30, 2013

| | | |
|---|---|---|
| Currency Unit | = | CFAF |
| CFAF500.00 | = | US$1.00 |
| US$1.50396 | = | SDR1.00 |

GOVERNEMENT FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| AFD | *L'Agence Française de Développement* (French Development Agency) |
| AfDB | African Development Bank |
| AFS | Annual Financial Statements |
| AGEROUTE | *Agence de Gestion des Routes* (Road Management Agency) |
| AIPH | *Association Interprofessionnelle du Palmier à huile de Côte d'Ivoire* (Oil Palm Inter-professional Association) |
| ANADER | *Agence Nationale de l'Appui au Développement Rural* (National Rural Support Agency) |
| ANDE | *Agence Nationale* (Environmental Development Agency) |
| APROMAC | Association des Professionnels du Caoutchouc Naturel de Côte d'Ivoire |
| ARECA | *Autorité de Régulation des filières Coton et Anacarde* (Cotton and Cashew Regulatory Authority) |
| BCEAO | *Banque Centrale des Etats de l'Afrique de l'Ouest* (Central Bank of West African States) |
| Conseil du Café-Cacao | *Conseil de Régulation, de Stabilisation des prix aux producteurs et de Développement de la filière Café- Cacao- Conseil du Café Cacao* (Coffee *and* Cocoa Council) |
| CNRA | *Centre National de Recherche Agricole* (National Agricultural Research Center) |
| CORAF-WECARD | *Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles* (West and Central African Council for Agricultural Research and Development) |
| CPS | Country Partnership Strategy |
| CQS | Selection based on the Consultants' Qualifications |
| DA | Designated Account |
| DGGPS | *Direction Générale de la Planification, du Contrôle des Projets et des Statistiques* (Département of Planning, Projects Control and Statistics |
| DOPA | Department of Agriculture Professional Association |
| EC | European Commission |
| ECF | Extended Credit Facility |
| EIA | Environmental Impact Assessment |
| ERR | Economic Rate of Return |
| ESSAF | Environmental and Social Screening and Assessment Framework |
| ESIA | Environmental and Social Impact Assessment |
| ESMF | Environmental and Social Management Framework |

| | |
|---|---|
| ESMP | Environmental and Social Management Plan |
| EU | European Union |
| FCFA | *Franc de la Communauté financière d'Afrique* (Franc of the Financial Community of Africa) |
| FIA | *Fonds d'Investissement Agricole* (Agricultural Investment Fund) |
| FENACOOPAHCI | *Fédération Nationale des Coopératives du Palmier à Huile de Côte d'Ivoire* (National Apex Association of Oil Palm Cooperatives) |
| FIRCA | *Fond Interprofessionnel pour la Recherche et le Conseil Agricoles* (Inter-professional Fund for Agricultural Research and Advisory Services) |
| FIMR | *Fonds d'Investissement en Milieu Rural* (Conseil du Café-Cacao's Rural Investment Fund) |
| FM | Financial Management |
| FY | Fiscal Year |
| GAP | Good Agricultural Practices |
| GDP | Gross Domestic Product |
| GEF | Global Environment Facility |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome |
| IC | Individual Consultant |
| ICB | International Competitive Bidding |
| IDA | International Development Association |
| IFC | International Finance Corporation |
| IFR | Interim Financial Report |
| IPP | Independent Power Producer |
| INADES | *Institut Africain pour le Développement Economique et Social* (African Institute for Economic and Social Development) |
| INTERCOTON | Association Inter-professionelle de la filière Coton de Côte d'Ivoire (Cotton Inter-Professional Organisation) |
| LCS | Least Cost Selection |
| M&E | Monitoring and Evaluation |
| MDG | Millennium Development Goals |
| MEF | Ministry of Economy and Finance |
| MIE | *Ministère des Infrastructures Economiques* (Ministry of Economic Infrastructure) |
| MINAGRI | Ministry of Agriculture |
| MIS | Management Information System |
| MTR | Mid-Term Review |
| NAIP | National Agriculture Investment Program |
| NCB | National Competitive Bidding |
| NDP | National Development Plan |
| PCRRG | Post-conflict Reconstruction and Recovery Grant |
| PCU | Project Coordination Unit |
| PDO | Project Development Objectives |
| PEMFA | Public Expenditure Management and Financial Accountability |
| PFM | Public Financial Management |
| PMU | Projects Management Unit |
| PNGTER | *Projet National de Gestion des Terroirs et d'Equipement* (Rural Land Management and Community Infrastructure Development Project) |
| PPR | Post Procurement Reviews |

| | |
|---|---|
| POP | Persistent Organic Pollutants |
| PPP | Public Private Partnership |
| PPPP | Public Private Partnership Platform |
| PRSP | Poverty Reduction Strategy Paper |
| PSC | Project Steering Committee |
| QCBS | Quality and Cost Based Selection |
| RAP | Resettlement Action Plans |
| RCI | Republic of Côte d'Ivoire |
| RCF | Rapid Credit Facility |
| RFP | Request for Proposal |
| RONGEAD | *Réseau non-gouvernemental européen sur l'agroalimentaire, le commerce, l'environnement et le développement* (Non-Governmental European Network for Agribusiness, Trade, Environment and Development) |
| RPF | Resettlement Policy Framework |
| RSPO | Round Table for Sustainable Palm Oil |
| SBD | Standard Bidding Documents |
| SDR | Special Drawing Rights |
| SIA | Social Impact Assessment |
| SOE | Statement of Expenditures |
| SPC | Project Steering Committee |
| SPF | Strategic Peace Building Fund |
| US$ | United States Dollar |
| VAT | Value Added Tax |
| WAEMU | West African Economic and Monetary Union |
| WAAPP | West Africa Agricultural Productivity Program |
| WDR | World Development Report |

| | |
|---|---|
| Regional Vice President: | Makhtar Diop |
| Country Director: | Madani M. Tall |
| Sector Director: | Jamal Saghir |
| Sector Manager: | Martien Van Nieuwkoop |
| Task Team Leader: | El Hadj Adama Touré |

**COTE D'IVOIRE**
**Agriculture Sector Support Project**

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**PAD DATA SHEET**

*Cote d'Ivoire*

*Agriculture Sector Support Project (P119308)*

**PROJECT APPRAISAL DOCUMENT**

*AFRICA*

*AFTA1*

Report No.: PAD508

| Basic Information | | | |
|---|---|---|---|
| **Project ID** | **Lending Instrument** | **EA Category** | **Team Leader** |
| P119308 | Investment Project Financing | B - Partial Assessment | El Hadj Adama Touré |
| **Project Implementation Start Date** | | **Project Implementation End Date** | |
| 08-Aug-2013 | | 31-May-2017 | |
| **Expected Effectiveness Date** | | **Expected Closing Date** | |
| 01-Nov-2013 | | 31-Oct-2017 | |
| Joint IFC | No | | |
| **Sector Manager** | **Sector Director** | **Country Director** | **Regional Vice President** |
| Martien Van Nieuwkoop | Jamal Saghir | Madani M. Tall | Makhtar Diop |

| | | | |
|---|---|---|---|
| Recipient: Ministry of Economy and Finance | | | |
| Responsible Agency: Ministère de l'Agriculture | | | |
| Contact: | Nouhoun Coulibaly | Title: | Director General -DGPPS |
| Telephone No.: | 22520218526 | Email: | couln@yahoo.fr |

| Project Financing Data(in US$ Million) | | | | | |
|---|---|---|---|---|---|
| [ ] | Loan | [ X ] | Grant | [ ] | Other |
| [X] | Credit | [ ] | Guarantee | | |

| | | | |
|---|---|---|---|
| Total Project Cost: | 150.80 | Total Bank Financing: | 50.00 of which 26.18m in grant and 23.82m in credit |
| Total Co-financing (Parallel): | 100.80 | Financing Gap: | 0.00 |

| **Financing Source** | **Amount** |
|---|---:|
| BORROWER/RECIPIENT | 15.75 |
| International Development Association (IDA) | 50.00 |
| French Development Agency (AFD) | 36.40 |

| | |
|---|---|
| Beneficiaries | 48.65 |
| Total | 150.80 |

**Expected Disbursements (in US$ Million)**

| Fiscal Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Annual | 5.00 | 15.00 | 20.00 | 7.00 | 3.00 |
| Cumulative | 5.00 | 20.00 | 40.00 | 47.00 | 50.00 |

**Proposed Development Objective(s)**

The project development objective (PDO) is to improve smallholder access to technologies and markets, and enhance governance of selected value chains supported under the project.

**Components**

| Component Name | Cost (US$ Millions) |
|---|---|
| **Component1**: Promotion of public-private partnership for sustainable cocoa development in South-West Cote d'Ivoire | 10.00 |
| **Component 2**: Support to smallholder rubber and oil palm extension in South-East Cote d'Ivoire | 16.00 |
| **Component 3**: Support to the cotton sector and Promotion of cashew processing in Central and Northern Cote d'Ivoire | 16.00 |
| **Component 4**: Project Implementation and support to sector coordination | 8.00 |

## Institutional Data

**Sector Board**

Agriculture and Rural Development

**Sectors / Climate Change**

Sector (Maximum 5 and total % must equal 100)

| Major Sector | Sector | % | Adaptation Co-benefits % | Mitigation Co-benefits % |
|---|---|---|---|---|
| Transportation | Rural and Inter-Urban Roads and Highways | 25 | | |
| Agriculture, fishing, and forestry | Agricultural extension and research | 20 | | |
| Agriculture, fishing, and forestry | Crops | 20 | | |
| Industry and trade | Agro-industry, marketing, and trade | 20 | | |
| Public Administration, Law, and Justice | Public administration-Agriculture, fishing and forestry | 15 | | |
| Total | | 100 | | |

| |
|---|
| ☑ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project. |

**Themes**

Theme (Maximum 5 and total % must equal 100)

| Major theme | Theme | % |
|---|---|---|
| Rural development | Rural services and infrastructure | 40 |
| Trade and integration | Export development and competitiveness | 25 |
| Rural development | Rural policies and institutions | 25 |
| Social protection and risk management | Other social protection and risk management | 10 |
| Total | | 100 |

## Compliance

**Policy**

| | | |
|---|---|---|
| Does the project depart from the CAS in content or in other significant respects? | Yes [ ] | No [ X ] |
| Does the project require any waivers of Bank policies? | Yes [ ] | No [ X ] |
| Have these been approved by Bank management? | Yes [ ] | No [ X ] |
| Is approval for any policy waiver sought from the Board? | Yes [ ] | No [ X ] |
| Does the project meet the Regional criteria for readiness for implementation? | Yes [ X ] | No [ ] |

| **Safeguard Policies Triggered by the Project** | **Yes** | **No** |
|---|---|---|
| Environmental Assessment OP/BP 4.01 | **X** | |
| Natural Habitats OP/BP 4.04 | **X** | |
| Forests OP/BP 4.36 | | **X** |
| Pest Management OP 4.09 | **X** | |
| Physical Cultural Resources OP/BP 4.11 | **X** | |
| Indigenous Peoples OP/BP 4.10 | | **X** |
| Involuntary Resettlement OP/BP 4.12 | **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** |

**Legal Covenants**

| **Name** |
|---|
| External Auditor |
| **Description of Condition** |

| |
|---|
| The Recipient shall , not later than six (6) months after the Effective Date: (a) select and appoint in accordance with the provisions of Section III of this Schedule an independent auditor to carry out the annual technical audits of Project activities |
| **Name** |
| Assessment of INTERCOTON |
| **Description of Covenant** |
| Carry out, jointly with the Association, within twelve (12) months of the Effective Date, an assessment of INTERCOTON's Project implementation capacity to take over the implementation of relevant parts of the Project from the PCU. |
| **Name** |
| Project Administrative, Accounting and Financial Manual of Procedures, and Medium Term Review |
| **Description of Covenant** |
| The Recipient shall carry out, by October 31, 2015 or at a date that the Association shall communicate in writing to the Recipient, a Medium Term Review of Project. To that end, PCU shall, at least three (*3*) months prior to the said midterm, prepare and furnish to the Association for its review and comments a report including, *inter alia,* a detailed update of Project's progress . |

| **Conditions** | |
|---|---|
| **Name** | **Type** |
| Subsidiary Agreements with Conseil du Café-Cacao, APROMAC, AIPH. | Effectiveness |
| **Description of Condition** | |
| the *Conseil du Café-Cacao* Subsidiary Agreement, the APROMAC Subsidiary Agreement, the AIPH Subsidiary Agreement and the Delegated Management Contract shall each have been executed and delivered, and all conditions precedent to their effectiveness or to the ability of any Project Implementing Entity or the Delegated Management Agency to receive the proceeds of the Financing, including, as appropriate, the implementation of a financial management system and action plan acceptable to the Association (other than the effectiveness of this Agreement) shall have been fulfilled | |
| **Name** | **Type** |
| Delegated Management Contract with AGEROUTE | Effectiveness |
| **Description of Condition** | |
| The recipient shall have entered into an agreement (the "Delegated Management Contract" or "DMC") with AGEROUTE, said DMC to set forth the respective obligations of the parties thereunder. | |
| **Name** | **Type** |
| PCU core staff | Effectiveness |
| **Description of Condition** | |
| A coordination unit for the Project ("PCU") shall have been established and staffed with key personnel satisfactory to the Association, including a Project coordinator, a Financial management specialist, an Internal auditor, a Procurement specialist, an Environmental specialist, a Gender and social inclusion specialist, all appointed in accordance with the provisions of Section III of Schedule 2 to this Agreement. | |
| **Name** | **Type** |
| Project Implementation Manuals | Effectiveness |
| **Description of Condition** | |

| | |
|---|---|
| The Recipient shall have adopted an implementation manual for the Project, ("PIM") and shall have caused the *Conseil du café-Cacao*, APROMAC and AIPH to adopt pertinent manuals for the Project (the "*Conseil du Café Cacao* Manual"; the APROMAC Manual" and the "AIPH Manual"), each and all of them satisfactory to the Association | |
| **Name** | **Type** |
| Ratification of Legal Agreements | Effectiveness |
| **Description of Condition** | |
| The Additional Legal Matter consists of the following, namely, that each Subsidiary Agreement shall have been duly authorized or ratified by the Recipient and the relevant Project Implementing Entity and shall be legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms. | |
| **Name** | **Type** |
| Disbursement condition | Disbursement |
| **Description of Condition** | |
| No withdrawal shall be made under Category (1)(a) of the table of Section IV.A.2 of Schedule of the Financing Agreement, until and unless the operating procedures and a governance mechanism for FIMR and FIA respectively shall have been adopted by the Recipient, satisfactory to the Association. | |

## Team Composition

### Bank Staff

| Name | Title | Specialization | Unit |
|---|---|---|---|
| El Hadj Adama Toure | Sr. Agriculture Economist | Task Team Leader | AFTA1 |
| Solange A. Alliali | Senior Counsel | Legal | LEGAM |
| Aissatou Diallo | Senior Finance Officer | Disbursement | CTRLA |
| Saidou Diop | Sr Financial Management Specialist | Financial Management Specialist | AFTMW |
| Maurice Adoni | Senior Procurement Specialist | Procurement | AFTPW |
| Cheikh A. T. Sagna | Senior Social Development Specialist | Social Safeguards | AFTCS |
| Haccandy Yao Alexis | Agric. Economist | Value Chains and M&E | AFTA1 |
| Jean-Paul Chausse | Consultant | Consultant | AFTFW |
| Douglas J. Graham | Sr. Environmental Specialist | Environmental Safeguards | AFTN2 |
| Africa Eshogba Olojoba | Senior Environmental Specialist | Environmental Safeguards | MNSEE |
| Paivi Koskinen-Lewis | Social Development Specialist | Social Development | AFTCS |
| Mariame Bamba | Team Assistant | Team Assistant | AFCF2 |
| Benjamin Billard | Operations Officer | Operational procedures | AFTA1 |
| Ibou Diouf | Sr Transport Specialist | Rural Roads | AFTTR |
| Lorenzo Bertolini | Senior Private Sector Development Specialist | Private Sector Development | AFTFW |

| | | | |
|---|---|---|---|
| Rehana Vally | Senior Agribusiness Specialist | Cocoa value chains | AFTA1 |
| Nabil Chaherli | Sector Leader | Sector Coordination | AFTSN |
| Patrick Labaste | Sector Leader | Peer Reviewer | EASER |
| Gayatri Acharya | Sector Leader | Peer Reviewer | LCSSD |
| Vincent Palmade | Lead Economist | Peer Reviewer | SASFP |
| Renganaden Soopramanien | Consultant | Legal | LEGAF |
| Juvenal Nzambimana | Operations Officer | Reviewer | AFTA1 |
| Issa Thiam | Finance Analyst | Finance Analyst | CTRLA |
| Kevin Croke | Consultant | Impact Evaluation | AFTPM |
| Rachid Lajaaj | Consultant | Impact Evaluation | AFTPM |
| Ofumilayo Fewo Olympio | Program Assistant | Operational support | AFTA1 |

**Non Bank Staff**

| Name | Title | Office Phone | City |
|---|---|---|---|
| Amadou Soumaila | Sr. Irrigation and Rural Infrastructure Engineer | 251116478888 | Addis Ababa |
| Rene Cipriani | Consultant, FAO/CP | 0033467794032 | Montpellier |
| Nicolas Gergely | Consultant, FAO/CP | 0033143313313 | Paris |
| Desire Coquillat | Consultant FAO/CP | 22507065461 | Abidjan |
| Mariame Maiga | Consultant FAO/CP | 22546314171 | Abidjan |

**Locations**

| Country | First Administrative Division (regions) | Location | Planned | Actual | Comments |
|---|---|---|---|---|---|
| Cote d'Ivoire | Nawa | | | | |
| | Sud Comoe, La Me | | | | |
| | Gbeke, Hambol | | | | |
| | Gontougou, Bounkani | | | | |
| | Poro, Tchologo, Bagoue | | | | |

# I. STRATEGIC CONTEXT

## A. Country Context

1. For two decades following its independence in 1960, Côte d'Ivoire stood as an island of prosperity, peace and stability on a continent beset by conflicts and poverty. A fairly rich natural resources endowment, political stability, a bold open door policy to attract a productive labor force and favorable terms of trade for its main agricultural exports helped the country achieve a strong economic performance which, by the end of the 1970s made Côte d'Ivoire the major player of the West African Monetary and Economic Union. Real Gross Domestic Product (GDP) per capita grew steadily during that period at average 6% per year. A sharp reversal began in 1980 as terms of trade deteriorated precipitously and the CFAF became increasingly overvalued. From 1981 to 1992, annual GDP growth averaged -0.2% and Côte d'Ivoire slipped from the rank of middle income countries into the low income group. The devaluation of the CFAF in 1994 triggered an economic rebound, but this was soon undermined by the political crisis which began in 1999.

2. A period of political instability began with the coup d'état of December 1998. A second, failed, coup d'état on September 19, 2002 evolved into a long-standing rebellion which split the country along a north-south divide until mid-2011. The conflict brought economic activity to a standstill, severely affected basic social service delivery and further damaged the country's social fabric. The conflict aggravated an already high unemployment rate, especially of the youth, and unemployed younger persons have been easily recruited for political gain. Poverty surveys have indicated that the number of people living below the poverty line more than quintupled between 1985 and 2008, from 10% to 50%. Poverty in rural areas increased from 49% in 2002 to 63% in 2006. Malnutrition rates are high, with 39% of children under five suffering from stunting, and almost 30% are underweight. Central, Northern and Western Côte d'Ivoire (known as CNO zone, which is also the cotton and cashew producing areas) have been particularly affected, underlining regional dimension of rural poverty. Côte d'Ivoire now ranks 166th out of 171 countries on the UNDP Human Development Index, and will be far from achieving the MDGs in 2015[1].

3. The political and military crisis largely ended in April 2011 and the new Government has made rapid progress in restoring security, reinstating public and social services and launching the rehabilitation of critical infrastructure. The Government is strongly committed to tackling various reforms (coffee/cocoa sector, electricity sector, the judicial system, business climate and public sector governance) that should offer opportunities to strengthen the economy and its growth potential. Real GDP, after a sharp fall (5.8%) in 2011 following the post-election crisis, appears likely to have grown by 8-9% in 2012. However, while Côte d'Ivoire is on a promising path to recovery, the situation remains fragile and sustained efforts will be necessary over the medium-term to consolidate peace and attract the investments that are necessary to restore economic competitiveness, boost growth and create the large number of jobs necessary to reduce poverty and ensure social peace. The economy has shown resilience throughout the crisis, in large part due to its agricultural sector (and also to the petroleum and mining sectors) and appears to be recovering strongly from the shock it suffered from the post-electoral crisis.

[1] Indeed, according to an IFPRI study (IFPRI/RESAKSS, November 2008) Côte d'Ivoire would reach the MDG1 only by 2043, even with a 6% agricultural growth rate.

## B. Sectoral and Institutional Context

4. Côte d'Ivoire has built its economic foundation on agriculture development. Its prominence in cocoa, as the world's largest exporter, is well-known. Less heralded is a number of other crops in which the country has excelled in production. Côte d'Ivoire has become the largest exporter of raw cashew nuts in the world and remains the largest exporter of rubber, oil palm, bananas, pineapples and copra in Africa. The country is self-sufficient in a variety of staple foods – maize, sorghum, millet, yam, cassava, plantain banana – with some small exports to the sub-region.

5. The agricultural sector currently accounts for 22% of GDP, over three-quarters of non-oil exports, and provides employment and income to two-thirds of all households. In addition, much of the manufacturing and transport sectors also depends on agriculture. The domestic trade and transport industry (trucking, rail, port) depends on this sector for a large part of its business. Cotton ginneries, a rubber, oil palm and sugar factories provide the base for rural industry, while an important component of urban industry is made up of cocoa processing plants, textile cottonseed oil operations, an instant coffee factory, packaging materials, second stage transformation of oil palm into soaps, cosmetics, etc.

6. The political crisis which erupted in 1998 has had a negative impact on the agriculture sector, especially for the cotton sub-sector which is located in the northern part of the country, but also in the western part of the country. The widespread insecurity and land tenure conflicts, the decay of transport and marketing infrastructure and the many roadblocks all considerably increased transport costs. This crisis also seriously undermined sector governance at various levels.

7. The agriculture sector can and should regain its role as a driver of growth and poverty alleviation in post-conflict Côte d'Ivoire. The recent Country Economic Memorandum (CEM, 2011) estimated the sector growth potential over the next decade at an annual 5%. The country benefits from favorable agro-climatic conditions and only 40% of arable land is currently being used. Demand for the country's main crops is expected to remain strong – domestic and regional demand for food crops (estimated to grow at about an annual 3%, with important substitution gains to be achieved through the displacement of rice imports for meeting domestic demand), and international demand for the main export crops. Commodity prices have risen sharply in the last few years and are projected to remain high in the foreseeable future.

8. The main export crops – cocoa, rubber, oil palm, cotton and cashew – play a key role in the sector's growth and in poverty alleviation. Indeed, they are smallholders' main income providers as well as the main engines of the country's major farming systems. Cocoa, rubber and oil palm are at the center of the forest zone's diversified production mix with smallholders generally maintaining a wide variety of cash and food

**Potential Growth Rate of the Agriculture Sector: 2011-2020**

| Sub-sector | Share of agricultural GDP (%) | Potential growth rate (%) | Contribution to overall agricultural growth (%) | Number of Farming Households |
|---|---|---|---|---|
| **Food crops, of which** | **0.55** | **4** | **2.2** | 1 100 000 |
| - Rice | | 10 | | |
| Livestock | 0.08 | 6 | 0.5 | |
| **Export crops, of which:** | **0.37** | **6** | **2.2** | |
| - Cashew | | 15 | | 300,000 |
| - Cotton | | 15 | | 110 000 |
| - Rubber | | 10 | | 40 000 |
| - Oil palm | | 10 | | 40 000 |
| - Cocoa | | 2 | | 500 000 |
| - Other | | 4 | | - |
| **Total** | **1.00** | | **4.9** | **1 200 000** |

crops (rice, cassava, plantain). Cotton and cashew are the main cash crops and drivers of the savanna economy and farming systems (which include maize, rice and livestock), where cotton in particular has important spill-over effects on food crop productivity through the use of animal traction and fertilizers.

- **Cocoa.** Côte d'Ivoire is the world's top producer of cocoa (average production of 1,300,000 tons of beans per year). Cocoa is produced by about 500,000 producers and the sub-sector remains the central pillar of the rural economy. Over the last decade, production appears to have plateaued, with the sector adversely affected by heavy taxation and poor governance. The trees are old and in need of replacement, yields are low, the quality has deteriorated and diseases are spreading. Most of the producer organizations have been discredited. The majority of cocoa farmers have fallen below the poverty line[2] and the sector has been singled out for the worrisome emergence of a number of social issues, in particular child labor. Not surprisingly, farmers are starting to abandon cocoa in favor of more profitable crops such as rubber, which offers much higher returns per day worked. Drastic action to address these issues needs to be taken through improving cocoa productivity to maintain the country leadership in the international market. The government has recently (November 2011) reformed the sector's management and institutional framework, which is based on a public private partnership for ensuring a much better governance of the sector, and has launched a major program[3] to improve on-farm productivity. Output per hectare could triple through replanting of cocoa with high-yield varieties and better husbandry and plant protection, as well as product quality, traceability and certification, including environmental and social aspects. This program needs to be strongly supported both technically and institutionally.

- **Rubber and oil palm.** The fast expansion of these sub-sectors has been driven by rising international prices over the last few years, with favorable prospects for the years to come. Côte d'Ivoire is the largest exporter of rubber and oil palm in Africa. Rubber production has grown by 9% per year since 1995, reaching 240,000 tons in 2012. The growth of oil palm, although less spectacular has also been impressive over the last five years. The rubber and oil palm value chains are set to be major drivers of rural growth and employment in the coming decade. The two value chains are well structured around a mix of industrial and small/medium-scale plantations which now account for 60% of total production. The fast expansion of the two value chains has important environmental and social implications. Although there is a strong interest by national and foreign investors to establish large plantations, the focus of expansion should be on small and medium scale plantations to prevent risk of land grapping. However, the cost of establishing plantations is high (US$500-1,000/ha) and the problem of long-term financing for replanting or expansion is a binding constraint for smallholders. Expansion of plantations is being funded by the private sector, but this is primarily coming from larger farmers and the urban middle class. It will be important to identify ways to assist poor farmers to enter the value chains, in particular to avoid them bargaining their land away to wealthier investors. Also, the expansion of plantations, in particular of oil palm, has generated serious concerns about their potential negative environmental impacts. These problems have been particularly acute in East Asia but should be more manageable in Côte d'Ivoire, especially if the emphasis is to develop smallholder production. The main industrial companies have already adopted their own codes of conduct. Nevertheless, more can and should be done to develop and enforce appropriate certification guidelines across the industry, including for smallholders.

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[2] An estimated 60% of cocoa farmers live below the poverty line and indeed they account for some 28% of all the poor in Côte d'Ivoire.

[3] Sustainable Development of Cocoa through Improved Quality, Quantity and Growth Program – known as 2QC.

- **Cotton** has long been the foundation of the economy in northern Côte d'Ivoire. Production had risen rapidly (7.5% per annum from 1990 to 2000) and by the turn of the century the country was producing over 400,000 tons of seed-cotton, with 180,000 households involved in its cultivation. The sector has however been hit hard by the recent crisis which isolated the northern zones from their markets and precipitated a considerable deterioration of the sector's governance. By 2008, production had fallen to 120,000 tons and the number of cotton producers to less than 60,000 (less than 30% of their peak at the start of the decade). A rehabilitation program was launched in 2008, with the support of the European Union, centered on building an inter-professional body[4] responsible for the consensual management of the value chains and its common goods (pricing policy, quality, access to inputs and services). The sector has experienced a remarkable recovery with production expected at over 350,000 tons in 2012/13 and more than 103,000 farmers involved in production. Continued equitable growth in the sector will require: (i) better access to markets (transport infrastructure); (ii) sustained improvements in on-farm productivity such as access to new technologies (mechanization) as well as improved agricultural practices for soil fertility management; (iii) continuing to rebuild the capacity and cohesion of producer organizations as their disintegration over the last decade has hampered their establishment as truly credible partners to the ginners which is necessary for engaging in equitable contractual relationships; and (iv) sustaining the on-going institutional reforms to clarify the respective roles of the inter-professional body (INTERCOTON) and the regulatory authority (ARECA), and to enforce transparent rules of the games for the operators of the sector and improve the efficiency and cohesiveness of the entire value chain.
- **Cashew**. The cashew sector witnessed an impressive development over the past decade, with production reaching 420,000 tons in 2012, propelling the country to the world second largest producer and top exporter of raw cashew nuts. The growth of the Ivoirian cashew sector is all the more remarkable since it has taken place without any government support and when a large part of the producing areas had difficulties accessing the main port of export. The cashew sector is clearly an exciting source of growth with the added advantage of being based in the poorer parts of the country and having the potential to generate significant rural employment through farming and rural industrialization. Overall, growth in the value of cashew exports by 15% p.a. over the next decade seems feasible, provided that a comprehensive strategy addressing the main value chain constraints is put in place. Current yields are very low (an average of 300 kg/ha compared to 1,000 kg/ha in India and up to 2,000 kg/ha in Vietnam) and the quality of the nuts are sub-standard (resulting in a sharp discount on the world market). Yields can be increased by planting more productive varieties and improving agricultural practices. Better harvesting and storage can raise quality, resulting in better prices. Finally, local transformation is very low (about 20,000 tons, or less than 5% of total production), resulting in missed opportunities for creating added value to the economy and thousands of jobs, notably for women. Increasing processing of raw nuts to

[4] Inter-professional bodies are agricultural value chain organizations composed of agribusiness companies and farmers associations (such as AIPH for oil palm, APROMAC for rubber, and INTERCOTCON) aims at developing the industry while ensuring fair share of the value addition along the chain. Farm gate price are usually determined by inter-professional bodies. Inter-professional bodies also implement development programs (rehabilitation of feeder roads, subsidization of improved inputs and planted materials, etc.) with their own funding from voluntary contribution of their respective members. The Conseil du Café Cacao is an inter-professional body established by the Government to play a regulatory role in the sector, in addition to its development and price stabilization mandates.

30% of the national production in rural areas would result in more than 40,000 jobs, of which at least 60% women.

9. The agricultural sector has thus enormous potential for further sustained and equitable growth. However, to realize its full potential, the sector will need to meet the challenge of moving from an extensive to a more intensive and sustainable production model, based on better farming practices, the spread of high-yielding varieties, greater use of fertilizers, and appropriate mechanization where possible. Improved management of pesticides is needed to reduce excessive and expensive use of chemicals and to reduce adverse environmental and human health impacts. For some sectors, research and field testing is needed for various new approaches of integrated pest management, allowing further reductions or even elimination of the use of chemical pesticides. Responding to these challenges will require addressing a number of constraints to provide a solid base for the development of a private sector-led, contractual development of the sector, including: (i) providing a predictable and supportive policy environment; providing better access to product and input markets, to agricultural extension services and to financial services; (ii) strengthening the governance, cohesiveness and efficiency of value chains; and (iii) further promoting environmental and social sustainability of the agricultural sector and ensuring peaceful access to and use of available land.

10. The land issue has been pointed as a fueling factor of the recent crisis. Although population pressure is increasing in the southern half of the country, access to land is generally not yet a binding constraint. There is still a significant potential to expand smallholder cultivation and production, through both the utilization of fallow land and the replanting of old stands with more productive planting material and using climate smart agricultural systems approaches. It is however increasingly difficult if not impossible to identify large blocks of land sufficient for the establishment of agribusiness estates. The 1998 land law aims at providing a transition from traditional to modern/formal land tenure arrangements and thus at improving land markets and land tenure security. Its implementation has so far been very slow. In the meantime however, customary land tenure arrangements continue to efficiently protect customary land right holders in most parts of the country, except in some parts of the Western region close to the Liberia border which are still affected by post-conflict social unrest. Customary right holders are generally in a strong negotiating position when transferring these rights to potential investors. There is thus little risk of land dispossession.

11. So far, there is no evidence that development of tree/export crops[5] (which improves farmers' cash income and gives them access to product and input markets) has had a negative impact on food crop production. Food crops can be grown in areas not suitable for tree crops (bottomlands for rice, very poor land for cassava) as well as for several years in pre-production plantations (bananas in cocoa, food crops in rubber). There are concerns however, that intensification of export crops can come at the expense of diversified food crops due to competition for land and labor. In addition, export cash crops may displace income control from women for diversified cropping to men who are more likely to control the sale of export crops. Both of these factors can lead to nutritional deterioration despite income gains.

12. To address the main constraints to fast and sustainable development of the agricultural sector, the Government has developed the National Agricultural Investment Program (NAIP) which is the agricultural pillar of the country's National Development Plan (NDP). The NAIP is a US$4 billion program over the 2010- 2015 period, aimed at promoting a diversified mix of strategic cash and food crops for growth and food security. It is organized around six Operational

[5] Evidence from the Dabou region even indicates that food production increased in parallel with the expansion of rubber and oil palm.

Programs: (i) crops productivity and competitiveness; (ii) development of agricultural supply chains; (iii) sector governance; (iv) capacity building; (v) sustainable management of fisheries; and (vi) rehabilitation of forest and wood industry. The NAIP has been developed following the CAADP process which was successfully completed with a business planning meeting in September 2012 during which pledges of up to US$4bn were made for its implementation, of which 60% from the private sector.

13. The government has also initiated since November 2011, new strategies and reforms for the most critical sub-sectors. Indeed, The Government has adopted a new reforms strategy in the coffee-cocoa sector, as part of the HIPC completion point achieved in June 2012. It has also adopted a new rice subsector strategy in May 2012 and new strategies in the cashew and cotton subsectors in March 2013. Finally, the Government has launched a new initiative to address the land issue through implementation of the 1998 land law, with the support of donors (AFD, EU), focusing on the transparent delivery of formal land right titles and the establishment of efficient land disputes mediation mechanisms in selected areas before the launching of a full-scale national program. The Bank Team is considering submitting a proposal to the State Peace Building Fund (SPF), for piloting a land administration and conflict resolution system in the conflict-prone areas in western Côte d'Ivoire.

### C. Higher Level Objectives to which the Project Contributes

14. The Agriculture Sector Support Project of Côte d'Ivoire (PSAC) aims at supporting the transition of the country's agricultural sector to becoming more competitive, sustainable and private sector-led which will ensure sustained increases in producers' incomes (in particular small producers'). It will do so by improving the efficiency of key value chains and fostering public private partnerships based on the clear responsibilities of the state, private actors and Inter-professional bodies.

15. The PSAC will contribute to the NAIP's objective of fast and sustainable growth in the agricultural sector (an ambitious target of 6.8% annual growth), necessary to achieve the 9% annual growth targeted in the National Development Plan (NDP). To do so, the Project will focus primarily on NAIP's third strategic objective of promotion of sustainable and diversified production of cash and export crops through the strengthening of critical agricultural supply chains (NAIP's Program#2).

16. The proposed project is fully in line with the five pillars of Bank's present Country Partnership Strategy (CPS) for Côte d'Ivoire (strengthening institutions, boosting agricultural performance, supporting private sector development and infrastructure renewal and focusing on jobs/gender issues). It is also fully consistent with both the World Bank Group Agricultural Action Plan 2013-2015, and the Africa Region's updated agriculture strategy (Africa's Renewed Emphasis on Agriculture, and the World Bank Support for It, November 2011) which, inter alia, focuses on raising agricultural productivity, linking farmers to markets and strengthening adding value to the sector's economy.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. Project Development Objective

17. The project development objective (PDO) is to improve smallholder access to technologies and markets, and enhance governance of selected value chains supported under the project.

### B. Project beneficiaries

18. The primary target groups are small farmers in selected cocoa, oil palm, rubber, cashew and cotton producing areas. The PDO would be achieved by focusing on promoting smallholder-industry interaction, jointly aiming to improve competitiveness in selected value chains in the targeted geographic areas of concentration. It is expected that at least 120,000 farmers will directly benefit from PSAC interventions, of which 17% of women[6], through access to improved planting materials, production equipment, training and advisory services, and socio-economic infrastructure constructed under the project. Total direct and indirect beneficiaries would reach 500,000 people factoring in those who will be benefiting from improved rural roads.

### C. PDO level result indicators

19. PDO indicators are as follows:

- i. Number of direct beneficiaries disaggregated by gender;
- ii. Areas of village plantations planted with improved planting material;
- iii. Kilometers of rural roads rehabilitated or maintained under project;
- iv. Share of processed cashew nuts in total exports of cashew nuts;
- v. Total amount of funding from inter-professions investments funds established or strengthened with project support;

20. Key intermediate indicators are as follows:

- i. Number of cocoa farmers trained in good agricultural practices;
- ii. Number of socio-economic sub-projects co-financed with cooperatives of cocoa farmers;
- iii. Number of producers who have adopted an improved technology supported by the project (of which % women)[7];
- iv. Number of cooperatives benefiting of capacity building from the project;
- v. Number of value chains in compliance with Ordinance No.473-2011 regarding value chain inter-professions;
- vi. Number of project periodic reports (Financial and Implementation) produced and submitted in a timely manner;

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[6] Targets for benefiting women vary between 10% to 20% depending on actual baseline for each value chain (for instance, less than 5% women engaged as direct beneficiaries in cotton and cocoa value chains actually, and around 10% on rubber and oil palm). Details in the Result Framework (Annex 1) provide differentiated figures by value chain. Specific provisions are made in the Project implementing manuals for greater gender equality and more inclusion in project's activities.

[6] More specifically, these are: a. Number of cocoa producers who have partially or completely renewed their orchards with improved planting material; b. Number of small producers of rubber who have received and used improved planting material; c. Number of small producers of palm oil who have received and used improved planting material; d. Number of cotton producers who have received and applied advisory services.

vii. Percentage of sub-projects implemented in compliance with safeguard instruments

21. Two additional sub-indicators on animal traction and total cotton production are included for the broader project including AFD financing under a parallel project, and targets are adjusted for the IDA financing in the absence of AFD funding. Project result framework is hence presented with two tables in Annex 1, the first one with the IDA financing alone, and the second table presenting results for the entire project combining IDA and AFD financing.

## III. PROJECT DESCRIPTION

22. In view of the current dynamism in export-oriented agriculture in Côte d'Ivoire, notably in rubber, cashew and oil palm, and given that the IDA envelope of grant and credit of US$50 million for the proposed project is relatively limited, the expected impacts of the project will be maximized by using the following guiding principles: (i) supporting project activities only across a limited number of value-chains and geographical areas with recognized potential for international competitiveness; (ii) focusing project activities in each selected value-chain on resolving those constraints that are considered most critical in relation to productivity, quality, production costs, and value-addition; (iii) rehabilitating institutions and infrastructure affected by the political crisis, while at the same time putting in place enabling conditions for capturing new opportunities for growth; (iv) striking an adequate balance between required hardware as well as software investments to adequately address identified constraints for each of the value-chains covered under the project; (v) linking investments supported under the project to the establishment of sustainable financing mechanisms with improved governance of internally generated resources within the supply chains inter-professions to finance operation and maintenance and future capital investments; and (vi) leveraging parallel co-financing from development partners for the project.

### A. Project Components

23. **Project design**. The project will cover five (5) value chains which are cocoa, rubber, palm oil, cotton and cashew, with a focus on three (3) main geographical areas of production. Activities are clustered around three technical components combining value chains and geographic areas to facilitate implementation. Each of the three components is similarly structured with three identical sub-components, namely: (i) improve access to markets; (ii) improve productivity in a sustainable way; and (iii) institutional development of the value chain. The fourth component deals with coordination of project activities, and support to the Ministry of Agriculture for overall sector coordination, to facilitate the implementation of the country National Investment Program (NIAP). The project is designed as the first phase of a national development program for selected value chains which have the following features: (i) good market demand prospects; (ii) competitive on the world market; and (iii) central to the development of small-holder agriculture and the country's main farming systems, including associated food crops. The project will support activities and institutional arrangements that, if successful, can be scaled up nation-wide. The project should lay the ground for the next generation of agricultural operations in the country, and serve as a lever for the portfolio to deepen partnerships with other development partners and stakeholders (IFC, value chain inter-professions, etc.). Project design is furthermore based on a value chain approach with the following principles:

- *Geographic focus*: For each selected value chain, intervention will focus on the most important/representative production region in the country: the southwest around the Nawa region for cocoa; the southeastern regions of Sud Comoe and la Mé for rubber and oil palm, the central and northern regions, focusing more on Hambol and Gontougo regions for cashew nuts, and the northern regions for cotton.
- *Thematic focus.* For each of the value chain and its corresponding region, the Project will focus specifically on activities with the greatest impact on equitable value addition prioritizing the following common menu of issues: (i) *access to markets*: roads, market information and certification; (ii) *on-farm productivity and value addition*: research, improved planting material, plant protection, improved management of pesticides, farming practices and processing; (iii) *institutional development and value chain integration/coordination*, including: role of the State and of private actors; strengthening of producer organizations and inter-professional bodies; and promoting public/private partnerships and contract farming.

24. Under the overall coordination of the Project Coordination Unit (PCU), Project activities will be clustered around three technical components which correspond to the value chains/ regions, and one component for project coordination and implementation, and support to the MINAGRI, as follows:

25. **Component 1: Promotion of public-private partnership for sustainable cocoa development in Southwest Côte d'Ivoire** *(US$26.33 million; IDA US$10 million equivalent).* The Project will support, on a cost-sharing basis, the Conseil du Café-Cacao to kick-off the Coffee/Cocoa Public-Private Partnership Platform (PPPP) and implement the 2QC Program. This program aims to tackle in a coordinated way cocoa productivity issues and improve cocoa farmers' livelihood. Under this component, the Project aims to replant with improved planting material about 20,000 hectares (ha) of the cocoa orchards of 25 years or older, and increase the number of farmers participating to sustainable cocoa development programs. This would be done through the following activities:

(i) *Subcomponent 1-1. Improving farmers access to markets :* by *(a)* supporting government and private programs for the expansion of sustainable cocoa (in economic, environmental and social terms), through parallel co-financing of about 130 socio-economic sub-projects initiated by cocoa cooperatives to improve their operational capacities and to facilitate access to basic social services, with financial contributions from Conseil du Café-Cacao's Rural Investment Fund (FIMR), beneficiaries and/or their trading partners. This incentive aim to increase the number of farmers and farmers' cooperatives participating to sustainable cocoa programs and to speed up restructuring of cooperatives; and (b) through rehabilitation of and maintenance of about 960 km feeder roads to improve cocoa marketing in project intervention areas, of which about 320 km under IDA financing as a contribution to a broader program with a parallel co-financing from FIMR, the French development Agency (AFD), an complementing ongoing works for 625 km under the Bank supported Emergency Infrastructure Renewal Project (PRI-CI).

(ii) *Subcomponent 1-2. Support to sustainable cocoa productivity:* through (i) supporting training programs for about 13,000 cocoa farmers[8] on good agricultural practices (GAP); (ii)

[8] Or 156,000 client-days of training provided, considering about 12 training days per farmer along the 9-month cocoa production and marketing cycle.

enhancing the control of cocoa diseases, by designing and implementing a cocoa disease early warning system and a Pest Management Plan (PMP); (iii) facilitating access to improved planting materials and support to the replanting of about 20,000 ha of aging and disease-infected estates; and (iv) designing a market-based funding mechanism to ensure adequate access by farmers to critical inputs, such as fertilizers.

(iii) *Subcomponent 1-3. Capacity building and institutional enhancement:* through technical assistance to the Conseil du café-Cacao (both on fiduciary and operational matters) for the implementation of the Public-Private Partnership (PPP) platform and its M&E system; support to the restructuring of farmers' cooperatives and improvement of cooperatives' management for increased access to development services. In particular, the Project will support the Conseil du Café-Cacao in the assessment of cocoa cooperatives and the development of improvement plans to better tailor interventions to their needs.

26. **Component 2 - Support to the expansion and renewal of village plantations of oil palm and rubber in Southeast Côte d'Ivoire** *(US$29.66 million, IDA: US$16 million equivalent):* The Project will support the Government and the rubber and oil palm inter-professions to improve linkages between farmers and agribusiness companies, and strengthen inclusion of smallholder, women and youth, in the subsector's supply chains, while ensuring social and environmental sustainability. The Project aim to support 33,500 ha of village plantations planted or replanted with improved planting material in order to reduce the productivity gap with agribusiness estates, and improve delivery of services to farmers and facilitate linkages with processing units. Project activities will consist of the following:

*(i)* *Subcomponent 2-1. Improving access to markets for smallholders in rubber and oil palm producing areas* consisting of parallel co-financing with the inter-profession technical studies, including environmental and social impact assessments studies, and works related to the implementation of priority program for rehabilitation and maintenance of about 1,800 km of feeders roads in the regions of Sud Comoé and La Mé, of which respectively about 1,060 km under the IDA financing;

(ii) *Subcomponent 2-2. Enhancing productivity through Access to improved planting material for smallholders in the rubber and oil palm sectors*: through provision of matching grants to support in: (a) the rubber sector, establishment of individual and community nurseries, and production and distribution of improved planting material for planting or replanting of 18,500 ha of villages plantation; and (b) the oil palm sector, the establishment of private nurseries and production and distribution of improved planting kits, for the establishment or replanting of 15,000 ha of village plantations.

(iii) *Subcomponent 2-3. Structuring of farmers 'organization and support to the sector's institutional development*: The project will support the following activities, on a cost-sharing basis with the inter-professions: (a) In the rubber sector, parallel co-financing with the rubber inter-professional association (APROMAC) for the strengthening of the fiduciary and operational procedures of the FDH, and for conducting M&E of project activities; and support to capacity building program of cooperatives initiated by APROMAC under FIRCA's funding mechanism; (b) In the oil palm sector, piloting with AIPH and FENACOPAHCI new approaches for market linkages between two cooperatives and one processing company, on advisory services, financial and logistics management, logistics, financing mechanisms for access to equipment and input; and support to AIPH to enhance its governance structure and, improve its operational and fiduciary procedures, contribute to the national interpretation of RSPO and implement RSPO-benchmarked social and environmental standards for its members.

27. **Component 3: Support to the Cotton sector and Promotion of Cashew Processing in Central and Northern Côte d'Ivoire** *(US$80.36 million; IDA US$16 million equivalent*)**:** The project will support and strengthen the activities undertaken by the Government and the cotton inter-professional association (INTERCOTON) since 2008, to implement the sector development strategy with EU support. It will focus on strengthening institutional capacity of INTERCOTON to develop funding mechanisms for access to technologies and more effective extension services; supporting the Government of Côte d'Ivoire through the cotton and cashew regulatory body (ARECA) to re-establish the cashew inter-profession; and setting up a funding mechanism to finance and implement feeder roads rehabilitation and maintenance program in cashew and cotton producing areas. Project support will be organized around the following subcomponents:

(i) *Sub-component 3-1. Improving access to markets in cotton and cashew producing regions:* activities will consist of the following: (a) parallel co-financing with the cotton and cashew inter-professions (INTERCOTON for cotton, and ARECA for cashew) of the rehabilitation and maintenance of about 3,100 km of priority feeder roads in cotton and cashew producing areas, of which 1,140 Km under the IDA financing. Specific annual programs will be approved by a Committee composed of representatives of the INTERCOTON, ARECA, and cashew producer associations, the Ministries in charge of infrastructure and agriculture, and relevant the Regional Councils. AGEROUTE will be responsible (M*aîtrise d'Ouvrage Déléguée*) for the implementation of the programs approved by the Committee; (b) extension of markets and a price information system initiated in 2009 in selected production areas by two NGOs, RONGEAD and INADES. The project consists of: (i) the collection, processing and dissemination of price/market information; and (ii) training sessions and advice to farmers on market dynamics and marketing strategies.

(ii) *Sub-component 3.2. Improving agricultural productivity in cotton-based production systems*: This consists of: (a) support to the provision of agricultural research and extension services, bridging the funding gap for adequate financing of the research programs and extension services for cotton-based production system with the Project contribution progressively decreasing as INTERCOTON gradually increases a levy to assume the full cost of advisory services by the end of the project; (b) support to the development of animal traction with provision of oxen and traction equipment for development of cotton and associated crops. To this aim, AFD will finance a 'Cotton Equipment Fund' to improve farmers' access to animal traction, and facilitate women led activities in cotton based production systems, including production, processing and marketing of food security and nutrition related products. As a companion to the Cotton Equipment Fund, IDA financing will cover specialized technical support for animal traction, including training/retraining of the staff of extension service providers, and support to the control of Trypanosomiasis in cotton producing areas.

(iii) *Subcomponent 3.3. Improving cashew productivity*: The sub-component will support: (a) research programs to develop and multiply improved planting material (large nuts and high yielding varieties); and (b) extend good agricultural and post-harvest practices through a tailored extension service and training program. These activities will be co-financed with the value chain through ARECA/FIRCA and implemented under the national agricultural research and extension system (with FIRCA as the program management and funding agency, and CNRA and ANADER as implementing agencies);

(iv) *Sub-component 3-4. Support to domestic processing*: The project will support the development of medium-sized industrial units (2,000-3,000 tons/ year), competitive on the international market and well suited to domestic investors, by providing assistance (a) for the installation of new units (technical feasibility studies, preparation of business plans and identification of potential buyers, environmental management plans, design export strategy, selection and installation of equipment, training of labor force, certification); and (b) for the upgrading of existing ones with new equipment and processes, improved financial and accounting systems, marketing strategy, staff training, certification). This assistance will allow investors better access to credit by reducing the risk perceived by financial institutions. The assistance will be provided by a service provider with recognized international experience recruited competitively, and with IFC technical assistance. The cost of this assistance will be financed through a cost sharing mechanism (50% by the investors themselves and 50% by the project).

(v) *Sub-Component 3-5. Institutional development for the cotton and the cashew sector*: In the cotton sector, the Project's support will consist of (a) the restructuring and capacity building of 45 producer cooperatives and 10 apex organizations; (b) strengthening INTERCOTON to improve its capacity to manage and coordinate the development of the sector and the project's cotton sub-component, including its monitoring and evaluation. The Project will finance external assistance to INTERCOTON's Executive Secretariat in the areas of rural road maintenance; animal traction and management of the Cotton Equipment Fund; monitoring and evaluation and, fiduciary (procurement and financial) and M&E. In parallel, INTERCOTON will recruit and pay with its own resources its own staff in the same technical and managerial areas, to be trained on the job by external assistance so as to be able to assume full responsibility at the end of the project. In the cashew sector, Project's support will focus on (c) supporting the Government to re-establishing the cashew inter-profession. This entails identification and diagnosis of cooperatives; preparation and implementation of capacity-building plans and geo-referencing of members' farms and establishment of a traceability system. Under this sub-component, the Project will also (d) pilot a new primary collection and financing approach to improve cooperatives' role in domestic marketing of cashew nuts. The Bank team will explore possibilities of technical assistance from IFC in this area; and (e) support to the cashew inter-profession once re-established, in the area of technical, fiduciary and M&E expertise as for INTERCOTON.

28. The project will also support MINAGRI's Department of Producer Organizations (DOPA) as well as the Cotton and Cashew Sector Regulatory Agency (ARECA) to provide technical assistance and supervise the implementation of the activities by INTERCOTON, and to implement cashew related activities.

29. **Component 4 - Project Implementation and Support to Sector Coordination** *(US$ 14,45; US$8 million IDA equivalent)***:** This component aims to ensure proper coordination of project implementing agencies and sound management of project activities, while supporting the Ministry of Agriculture (MINAGRI) for the overall coordination of the NAIP.

(i) *Subcomponent 4-1. Project coordination, management and M&E*: Project financing will covers costs related to: (a) staffing, equipment and operating costs of the Project Coordination Unit (PCU). The PCU will have a core team composed of a Project Coordinator (PC), a Responsible of Technical Operations (RTO), a financial management specialist (FMS), an internal auditor, two procurement specialists (PS), a rural infrastructure specialist, a gender and social inclusion specialist, an environment specialist, and an M&E specialist. This core team will be recruited on a competitive basis; (b) Project planning, M&E activities, consultants, studies, workshops, equipment and operating cost for the preparation of annual work plans and period implementation status reports with implementing agencies and relevant stakeholders, conducting technical and financial audits, as well as surveys and analysis for project impact evaluation; (c) Environmental and social safeguards management, including preparation of Environmental and social impacts assessments (EIES), resettlement plans, and the monitoring and supervision of their implementation; and (d) Preparing and implementing the Project communication and accountability plan, including a grievance redress mechanism (GRM).

(ii) *Subcomponent 4-2. Support to sector coordination*: project will provide support to MINAGRI to develop strategies and policy frameworks to adequately coordinate and implement the NAIP. Project support will help with: (a) support to design a national strategies for maintenance of rural roads in collaboration with the Ministry in charge of infrastructure, and the finalization of the 7$^{th}$ Rubber Development Plan and the 3$^{rd}$ Oil Palm Development Plan; (b) design a public expenditure management framework, based on the conclusions and recommendations of the ongoing agriculture sector public expenditure review with the Bank technical assistance; (c) prepare a strategy to support inter-professional associations and producer organizations to comply with Ordinance 2011-473 and the new OHADA rules for cooperatives; and (d) support to the establishment of NAIP steering and coordination organs, to ensure alignment of public and private investment projects with NAIP programs.

## B. Project Financing

### Lending Instrument

30. An Investment Project Financing (IPF) over four years is chosen, given that the investment activities can be pre-defined and implemented over a pre-determined period of time.

### Project Cost and Financing

31. Total Project cost is estimated to amount to US$150.8million, to which the IDA contribution will be US$50million or 33%. Other funding sources are: (i) AFD financing through a parallel project (Côte d'Ivoire Agriculture Supply Chains Support Project- PAFARCI). This project is funded through the French debt relief mechanism (C2D) for Côte d'Ivoire. An amount of Euros 27.7million (about US$36.4 million) has been earmarked from the overall C2D envelope of Euros 95.3million , with Government agreement, to co-finance part of the proposed project activities, focusing on feeder roads rehabilitation and maintenance, and the cotton productivity programs in project intervention areas; (ii) Parallel co-financing of activities by supported supply chains inter-professions, and contribution of direct beneficiaries to the matching grants mechanism, amounting to US$48.65million in total; (iii) counterpart funding from the Government budget (US$5million) to support additional operating costs of MINAGRI's relevant departments the PCU in project implementation and supervision; and (iv) from the CONSEIL DU CAFÉ-CACAO (US$10.75million) to co-finance activities under Component 1 on cocoa development.

32. The following table provides a summary of project cost by component, and more details on project costs and its financing plan are provided in Annex 2.

**Table 1: Project Cost by Component**

| Project Components | Project cost (US$ Million) | IDA Financing (US$ Million) | % Financing |
|---|---|---|---|
| 1. Promotion of public-private partnership for sustainable cocoa development in southwest Côte d'Ivoire | 26.33 | 10.00 | 38% |
| 2. Support the expansion and renewal of village plantations of oil | 29.66 | 16.00 | 54% |
| palm and rubber in southeast Côte d'Ivoire | 80.36 | 16.00 | 20% |
| 3. Support to the cotton sector and Promotion of Cashew processing in Central and Northern Cote d'Ivoire | 14.45 | 8.00 | 55% |
| 4. Project Implementation and support to sector coordination | | | |
| **Total Baseline Costs (including contingencies)** | 150.80 | 50.00 | 33% |

## C. Lessons Learned and Reflected in the Project Design

33. Project design and implementation arrangements were built based on agriculture portfolio experience and analytical work recently completed in Côte d'Ivoire. These include: (i) learning from successes and failures concerning institutional arrangement for existing project implementation (PNGTER), and (ii) findings of the CEM-2011 which facilitate the selection of commodities to focus under the proposed project. Indeed, the CEM and its background notes on the agricultural supply chains in Côte d'Ivoire provided critical insights and inputs for the preparation of the proposed project. Other key analytical work included donor and government funded diagnostic-documents for the preparation of subsector strategies (coffee and cocoa, rubber and oil palm, cotton and cashew, including strategic environmental assessments (for rubber and oil palm).

34. The project also derived some of its design features from Bank operations in other countries, and regions, including value-chain approaches (e.g. horticulture export value chains from the Senegal Agricultural Markets development Project), and fostering public private partnerships in export value chains for improving smallholders inclusion and improving farmers livelihoods (Papua Productive partnership in agricultural project, and productive alliance concept from Latin America that suits well the development approaches being promoted by inter-professions Côte d'Ivoire).

35. The safeguards documents build on frameworks developed for similar projects in Côte d'Ivoire (namely the Rural Land Management and Community Infrastructure Development Project–PNGTER, closed in August 2010, and the WAAPP-1B, which became effective in September 2011) and for similar projects in neighboring countries, namely Benin – Agricultural Productivity and Diversification Project, for the cotton and cashew value chains, and Liberia - Smallholder Tree Crop Project, for the coffee/cocoa, rubber and oil palm value chains.

# IV. IMPLEMENTATION

## A. Institutional and Implementation Arrangements

36. Implementation arrangements for the Project are the results of a stakeholder assessment and institutional analysis conducted during project preparation, and discussed in Annex 3. Project institutional set up is organized around the following functions: (i) an oversight and orientation function played by a Project Steering Committee (PSC); (iii) management of the designated account and overall coordination of project activities and partners, which fall under

the responsibility of a PCU, and (iii) execution of project activities by Project Implementation Agencies (PIAs).

37. A Project Steering Committee (PSC) will perform project orientation and overseeing functions, as the approval instance of the Project annual work plan, and budget (AWPB). To facilitate linkages between the PCU and the PSC, a Technical Team made of focal points will be established within the MINAGRI, under the authority of the Director General of the Department of Planning, Projects Control and Statistics (DGPPS), who is also chairing the NAIP Technical Secretariat. The Technical team will be in charge of reviewing PCU's Implementation and results reports (IPRs) , preparing the PSC meetings, organizing project supervisions and external M&E, including supervising the project impact evaluation study. This would ensure accountability of the project before the Government, as well as consistency and alignment of Project's activities with the NAIP Programs and government strategies.

38. The PCU acceptable to the Bank will be established within the MINAGRI with dedicated personnel to ensure planning and budgeting of project activities, management of Project Agreements/Conventions coordination of Project Implementing Agencies (PIAs), financial management and procurement, technical supervision and quality control, gender and social inclusion, environmental and social safeguards, and M&E. Its core personnel will include a Project Coordinator, a Responsible of Technical Operations, two procurement specialists, a Financial Management specialist, an M&E specialist, a Rural Infrastructure specialist, an Environment specialist, and a Social scientist in charge of gender and social inclusion and social safeguards (particularly resettlement).

39. Most of the Project's activities would be executed on a cost sharing basis through existing funding mechanisms (such as FIMR/FIA for coffee and cocoa, and the rubber development Fund-FDH) managed by the inter-professions (APROMAC, AIPH, CONSEIL DU CAFÉ-CACAO, INTERCOTON, ARECA). The PCU will sign Memoranda of Understanding in the form of performance-based contract, with those inter-professions as PIAs. Some activities will be contracted directly by the PCU to qualified public executing agencies (such as the road management Agency-AGEROUTE for the rehabilitation of feeder roads, FIRCA/CNRA/ANADER for research and extension services), and the PCU will contact private services providers for cross-cutting activities such as investment promotion, training, institutional development for cooperatives and inter-professions etc.

40. The table below indicates the division of labor between the PCU and its implementing partners, based on the stakeholder analysis and capacity assessments of identified PIAs during project preparation. Implementation arrangements are discussed in Annex 3 and will be further specified in project operational manuals. Draft of the latter have been prepared by the government preparation team and the implementing entities and reviewed by the Bank team during appraisal. The finalization and adoption of this operational manual is a condition of effectiveness.

**Table 2: Project Implementing Agencies per component and line of activities**

| **Value Chain /Implementing agency** | **Activities** | **Project Implementing Agencies** |
|---|---|---|
| Cocoa/<br>**CONSEIL DU CAFÉ-CACAO** | Infrastructures/Equipment<br>Planting material and services<br>Institutional development<br>Rural Roads | Trading and chocolate Companies, Cooperatives<br>FIRCA, ANADER, Trading and chocolate Companies, Consultants<br>AGEROUTE |
| Rubber/ | Planting material and services | APROMAC |

| Value Chain /Implementing agency | Activities | Project Implementing Agencies |
|---|---|---|
| **APROMAC** | Extension services<br>Institutional development<br>Rural Roads | FIRCA<br>Consultant<br>AGEROUTE, Consultant (Moe) |
| Oil palm/**AIPH** | Planting material and services<br>Pilot advisory services/coop<br>Institutional development<br>Rural Roads | FENACOPAH-CI<br>FENACOPAH-CI – Coopératives, FIRCA, consultant, DOPA, Consultant<br>AGEROUTE, Consultant (Moe) |
| Cotton/ **INTERCOTON** | Advisory services<br>Animal Traction<br>Institutional development<br>Rural roads | FIRCA<br>AFFICOTCI – Ginning , companies<br>AFFICOTCI, Cooperatives, Consultants<br>AGEROUTE, Consultant (Moe)[9] |
| Cashew/ **PCU** | Market information system<br>Research and development<br>Advisory services<br>Institutional development<br>Rural Roads | ARECA-Consultant<br>FIRCA-CNRA<br>FIRCA-ANADER<br>ARECA, DOPA-Consultant<br>AGEROUTE, Consultant (Moe) |

## B. Results Monitoring and Evaluation

41. The PCU will bear overall responsibility on project M&E, and will prepare IPRs twice a year, as well as quarterly unaudited financial reports (IFRs). The PCU will be also responsible for carrying out an impact evaluation of project activities, in collaboration with the M&E Department within MINAGRI and involving local universities. The World Bank will provide technical assistance for this purpose under its Impact Evaluation programs.

42. The PCU will rely on implementing agencies, namely the CONSEIL DU CAFÉ-CACAO, AIPH, APROMAC, INTERCOTON, ARECA, and AGEROUTE, to perform operational monitoring and evaluation of the implementation progress and related inputs and outputs of activities under their responsibilities. To that effect, the Project will strengthen the inter-professions' internal M&E and fiduciary system, including development or improvement of their data management and membership mapping systems.

43. In order to generate rigorous empirical evidence about PSAC's impact, three impact evaluations will be incorporated into the project. The first impact evaluation will estimate project impact as regards promotion of cashew processing units on household revenues, poverty reduction and social status of communities where these activities are taking place. The second impact evaluation will focus on the impact of sustainable programs, including production certification, prices, quality and investments in cocoa value chain. It will also determine if larger access to markets strengthens the impact of training on the adoption of technologies and if incentives lead to significant progress regarding social objectives such reduction of child labor in the cocoa value chain. The third impact evaluation will assess agricultural investments and impact of production concerning the rehabilitation of feeder roads and the impact of such rehabilitation on transport costs, rural revenues and poverty.

## C. Sustainability

44. The economic rate of return (ERR) of the project has been calculated at 27%. This high rate is explained mainly by the prospects for good international prices for the subsectors covered

[9] Moe: *Maitre d'œuvre* , i.e. a private consulting firmed selected to provide technical assistant to the Inter-professions on technical studies, i.e. selecting and supervising contractors for their roads rehabilitation and maintenance programs.

by the project. The overall profitability of the project is robust, even in the event of a significant decline in international prices. Indeed a 30% decrease in average prices of those commodities in the world markets would still result in a strong ERR at 19%. The overall high profitability of the project bodes well for sustainability.

45. The involvement of beneficiaries, either directly or through their associations in project activities (planning of activities, contributing to their funding, and taking responsibility in maintaining of investments made under the project) should ensure strong consistency of project interventions with beneficiaries' needs, which in turn would promote sustainability of activities in the long term. As an illustration, increased responsibilities of inter-professions, with relevant government bodies, in the roads rehabilitation programs, of priority segments to be treated will help ensure adequate future maintenance.

46. Appropriate implementation of provisions in the project' safeguards documents, namely the Environment and Social Management Framework (ESMF), the Pest Management Plan (PMP) and the Resettlement Policy Framework (RPF) would help identify and avoid or minimize negative environmental and social impacts resulting from project activities, while encouraging and enhancing positive impacts. The task team has prepared with inputs from IFC, a Country Situation Assessment (CSA) of the palm oil sector in Côte d'Ivoire, as part of the World Bank Group Re-engagement Framework in that sector. Provisions in the safeguards instruments, along with the findings and recommendations of an ongoing study on project targeting and social inclusion will be mainstreamed into the inter-professions' operational manuals to ensure sustainability of their activities beyond the scope of this project. Implementation arrangements are discussed in Annex 3 and will be further detailed in project's operational manuals. .

# V. KEY RISKS AND MITIGATION MEASURES

## A. Risk Ratings Summary Table

| **Risk** | **Rating** |
|---|---|
| **Stakeholder Risk** | **Moderate** |
| **Implementing Agency Risk** | |
| - Capacity | Substantial |
| - Governance | Substantial |
| **Project Risk** | |
| - Design | Low |
| - Social and Environmental | Moderate |
| - Program and Donor | Low |
| - Delivery Monitoring and Sustainability | Low |
| - Other: Food security and Nutrition | Moderate |
| **Overall Implementation Risk** | **Moderate** |

### B. Overall Risk Rating Explanation

47. The overall project risk is rated Moderate for both preparation and implementation stages. The rating takes into account that the country is emerging from a conflict with a fragile operating environment, even though the new government has demonstrated strong commitment to improving the country image on corruption and bad governance, and in implementing difficult reforms, as exemplified by the coffee/cocoa sector reforms. The government has also engaged in an inclusive reconciliation process.

48. The Project's sound analytical underpinnings and broad buy-in from key stakeholders, including the Government and Government agencies, the private sector and donor community are paramount in mitigating risks identified at preparation stage. Furthermore, strong technical in-country capacity for implementing projects in general and in the agricultural sector in particular, particularly on the private sector side, combined with enhanced fiduciary and safeguards control measures through using World Bank guidelines should ensure adequate implementation of project activities.

49. Nonetheless, specific mitigation measures would need to be put in place and their implementation closely monitored at implementation stage to address some risks of governance and corruption as described in the ORAF.

50. Regarding environmental and social safeguards, the project is classified as a "Category B" as the impacts are likely to be small scale and site specific. The risk is considered moderate.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analyses

51. An economic analysis has been carried out as part of the project preparation. The analysis compares the quantifiable benefits (incremental production, reduction in transport costs and losses) with the project costs. Production price and costs are valued at prevailing levels (second quarter of 2012). Economic costs and prices are assumed to be equal to financial costs and prices, in the absence of tax and distortions, except for cocoa and cashew, which are subject to export taxes. Activities related to capacity strengthening of value chain organizations, to sector coordination and to cashew nuts processing were not subject to a cost/benefit analysis, as the benefits generated, although important, cannot be quantified. The cost of these activities is however taken into account in the calculation of the overall rate of return.

52. The main conclusions of the analysis are the following:

- The economic rate of return (ERR) for the whole project is 27%. This high rate can be explained (1) by the strong potential for rapid performances improvement of the targeted value chains and (2) by the high prevailing world prices at the time of evaluation.
- A price fall (anticipated by the World Bank's projection) of 30% on all products would result in an IRR of 19%, which remains high. The total economic profitability of the project is therefore robust, even in case of a significant decline in world prices.

- The incremental income for farmers will reach CFAF8 billion per year by the end of the project, and will culminate at CFAF92 billion per year once the new plantations reach maturity (which takes 5 to 10 years, depending of the crop).
- A 30% drop in international prices of project supported commodities would result in 40% decrease in total incremental farmer's income. The sectors which would mostly be affected are the cotton value chains, because of the importance of the inputs it consumes.

53. The economic rates of return (ERR) for each value chain are given on the table below, as well as the net present value of net economic benefits (gross benefits minus project and recurrent costs) : A summary of the economic and financial analysis is provided in Annex 7.

**Table 3: Results of the economic analysis by value chain**

| **Parameters** | **Cocoa** | **Rubber** | **Oil palm** | **Cotton** | **Cashew** | **Project Coordination** | **TOTAL** |
|---|---|---|---|---|---|---|---|
| Project cost (Million US$) | 26.3 | 12,1 | 17,6 | 58,0 | 22,3 | 14.5 | 150.8 |
| NPV (Million FCFA) | 68,441 | 34,613 | 20,586 | 27,262 | 31,323 | 0 | 173,398 |
| ERR | 24% | 28% | 25% | 29% | 57% | NA | 27% |
| ERR 30% decrease in commodity prices | 22% | 23% | 18% | 9% | 33% | | 19% |

## B. Technical

54. The project technical design is sound since it is grounded on a solid analytical underpinning. The CEM and its background notes on agriculture in Côte d'Ivoire provide an in-depth and recent update of each of the commodities considered, in a Structure-Conduct-Performance (SCP) type of approach. The Bank and Government preparation teams also took advantage of EU supported works, including implementation completion reports of projects in the cotton sector, as well and other key analytical works included donor and government funded diagnostic-documents for the preparation of subsector strategies (coffee and cocoa, rubber and oil palm, cotton and cashew, including strategic environmental assessments (for rubber and oil palm). Contribution of experts from the inter-professions and agribusiness companies also helped strengthen the project design.

55. The project implementation plan will take into account the development stages of each value chain. Activities related to cotton, rubber and oil palm will most likely be initiated quickly as similar programs have already ongoing, initiated by their respective inter-professions (INTERCOTON, APROMAC and AIPH). Activities for the cashew sector will take longer to mature as the Project will focus its intervention during the first eighteen month on reestablishing the inter-profession and designing the incentive framework for accelerating domestic processing of cashew kernels. Support to the cocoa sector might also kick-off quickly during the first year as steady progress has been made by the CONSEIL DU CAFÉ-CACAO in establishing the PPP platform and finalizing its intervention manuals. Swift implementation of the cocoa road programs is expected as the implementation framework is already being applied under the Bank-funded Emergency Infrastructure Renewal project (PRICI), while restructuring of cooperatives and implementation of the productivity might take a full year to mature.

## C. Financial Management

56. As part of project preparation phase of the PSAC, a financial management assessment was carried out in accordance with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010. Although the project implementation unit was not yet established at the time of the assessment, the Government and some Inter-Professions have started preparatory activities (preparing terms of reference and launching of the recruitment processes of key project staff, technical specifications of project activities, preparation of implementation manuals and manuals of administrative, accounting and financial procedures, etc.) with the support of a Project Preparation Advance (PPA) managed by FIRCA (existing implementing entity of the Bank-funded WAAPP-Cote d'Ivoire). During the appraisal mission, the Bank team, the Government and inter-professions agreed to use retroactive financing option to jump start implementation activities and as soon as the Board approves the financing, and in accordance with the procurement plan agreed at appraisal stage and approved during negotiations.

57. Therefore, and in order to meet the Bank's minimum requirements under OP/BP10.00, the financial management system will need to be supported by the following measures: (i) strengthening the PCU with the recruitment of a Financial management expert and providing him/her with fiduciary training and ensuring adequate staffing of the financial management unit; (ii) recruitment of an internal auditor to strengthen the internal control system; (iii) purchase and installation of a computerized accounting system in the coordination unit; and (iv) establishment of a manual of procedures for better implementation of administrative and fiduciary procedures of the project. Also each of the Inter-Professions (APROMAC, AIPH, INTERCOTON) involved will set up a minimum fiduciary capacity with (i) the recruitment of a financial management expert, (ii) a manual procedures and (iii) setting an information system. All these arrangements should be linked and aligned with the FM arrangement set up at PCU level, so as to create a synergy of fiduciary arrangements within the project, the objective being to strengthen the governance structure and institutional framework for the management of selected supply chains. For others entities like the CONSEIL DU CAFÉ-CACAO and AGEROUTE with established fiduciary capacity, the project will rely on the existing capacity with required improvements.

## D. Procurement

58. At pre-appraisal stage, an assessment of procurement capacity was conducted for INTERCOTTON, AIPH, APROMAC, and the CONSEIL DU CAFÉ-CACAO, identified as key implementing agencies of the different project components. As the cashew inter-profession no longer exists and needs to be re-established and strengthened, activities related to the subsector will be executed by the PCU in partnership with the relevant structures of the MINAGRI, including ARECA, the cotton and cashew regulatory agency, and DOPA, which is the ministry's department in charge of professional associations, including cooperatives and inter-professions. The mission gauged the capacity and ability to perform procurement activities in accordance with World Bank procedures and guidelines.

59. The conclusion of the assessment is the following: (i) regarding the criteria of experience in procurement, AIPH hired on a competitive basis a consulting firm to assist on procurement. The CONSEIL DU CAFÉ-CACAO has established a procurement Unit following its recent organization and as part of the recent sector reforms. The CONSEIL DU CAFÉ-CACAO's procurement procedures comply with national procurement procedures set for public institutions

in Côte d'Ivoire. The other agencies have various experiences in procurement, but overall none of the proposed agencies have experience in Bank procurement procedures; (ii) regarding the Fiduciary staff, except the CONSEIL DU CAFÉ-CACAO which has a procurement unit and responsible procurement, none of the other agencies has dedicated staff on procurement; (iii) on filing of procurement documents also, only the CONSEIL DU CAFÉ-CACAO and AIPH have some filing systems; (iv) regarding the existence of a manual of procedures on procurement, the CONSEIL DU CAFÉ-CACAO and AIPH have the document, other agencies have manual of procedures in accordance with Bank requirements. Nonetheless, all identified agencies are conducting procurement for their activities in accordance with the needs requirements of their board members for implementation of their activities.

60. In order for these bodies to implement Bank funded activities in accordance with the Bank guidelines on procurement, the assessment mission recommended the following: (i) the recruitment of a procurement specialist to strengthen each of the structures; and (ii) the preparation of a new manual of procedures or the updating of existing one to comply with Bank requirement on procurement.

61. All inter-professions initiated the preparation of their manuals shortly after the mission, and the draft manuals of INTERCOTON, APROMAC/FDH, AIPH have been reviewed during the appraisal mission. The Conseil du Café Cacao has also adopted manual of procedures the PPP Platform, and has recently launched the revision of the 2QC, and the preparation of the new manuals of procedures for the FIMR and the FIA which are the relevant instruments for implementing project activities. Completion of these manuals in substance and form satisfactory to the Bank is expected by effectiveness.

### E. Social (including Safeguards)

62. With regards to social issues, the proposed project will focus its activities on social inclusion in commercial crops, promoting village plantations and their better linkages with the forward segments of the targeted supply chains. Therefore, positive benefits resulting from project activities are expected to reach a large number of rural households, which are the ultimate targets of the project. It is anticipated that at least 120,000 farmers will directly benefit from project interventions, of which about 17% would be women, through access to improved planting materials, production equipment, training and advisory services, and socio-economic infrastructure constructed under the project. Total direct and indirect beneficiaries would reach 500,000 people factoring in all people who will be benefiting from improved rural roads (affordability and accessibility to transport services), and local markets development (improved economic rate of return due to time saving in reaching out to markets). Furthermore, given the central role women play in the agriculture sector in Africa in general and in Côte d'Ivoire in particular, the project intends to ensure sustainable mechanisms to mainstream gender dimensions. Hence, special attention is being given in the project design for the inclusion of women, youth and vulnerable groups, who are known to bear the primary burdens of agriculture in rural areas. Provision will be made during project implementation to specifically target smallholder farmers with the aim of improving their livelihoods through productivity and easy access to market. A comprehensive social inclusion study looked at these issues related to smallholders targeting, gender mainstreaming (women, youth, elderly, widows, vulnerable groups, etc.), child labor, conflict, youth employment, benefits sharing and grievance redress mechanism. The results of the study will be integrated into the project's operational manuals for

each value chain to ensure the recommendations regarding targeting of women and smallholders, job creation for youth etc. are operationalized.

63. The project is not expected to negatively affect beneficiary communities through loss of land/property, assets and source of income and livelihood that could lead to involuntary resettlement of project affected persons (PAP). However, establishing new nurseries and rehabilitating or maintaining feeder roads to unlock production from villages' plantations may result in some negative social impacts, such as partial crop losses, and temporary lack of access to sources of income and livelihood. Expropriation cases are not foreseeable, or will be minor and site specific considering the promotion of modern techniques based on improving productivity (intensification, use of quality planting material, etc.). A Resettlement Policy Framework (RPF) was developed to comply with the core requirements of OP/BP 4.12 policy on Involuntary Resettlement, and to appropriately deal with such situations of land acquisition leading to involuntary resettlement, whether or not the affected person has to in fact physically move. The RPF sets forth the basic principles and procedures to be used by the Borrower once the physical footprint of the project is known before /during project implementation. The RPF contains an assessment of (i) the country's regulatory and institutional framework for land acquisition; (ii) likely categories of affected persons and assets, as well as the potential scope of impacts; (iii) compensation framework consistent with OP 4.12 and national legislation together with eligibility criteria; (iv) measures to assist vulnerable groups; (v) consultation framework to enable the participation of affected population in the preparation of specific resettlement action plans; (vi) an institutional framework and timeline for implementing the resettlement framework; (vii) grievance redress mechanism; and (viii) monitoring and evaluation framework as well as an estimated budget. The RPF has been cleared by both the National Environmental Agency (ANDE) and the World Bank and disclosed in-country and at the InfoShop on April 8 and 16, 2013 respectively, prior to project appraisal. .

### F. Environment (including Safeguards)

64. The project has been classified as a "Category B" as the foreseen impacts are likely to be small-scale and site specific, as well as remediable. Further screening revealed that five safeguards policies are triggered, namely: Environmental Assessment (OP/BP 4.01); Natural Habitats (OP/BP 4.04); Pest Management (OP 4.09); Involuntary Resettlement (OP/BP 4.12) and the policy on Physical Cultural Resources (OP/BP 4.11).

65. The safeguards instruments that have been prepared by the Borrower, reviewed and approved by both the Borrower (i.e. the National Environmental Development Agency of the Ministry of Environment - ANDE) and the World Bank, and disclosed both in-country and at the Infoshop are: an Environmental and Social Management Framework (ESMF); a Resettlement Policy Framework (RPF, and a Pest Management Plan (PMP). These are the appropriate safeguards instruments since the physical footprint of the locations and scales of the interventions are not known for now. The ESMF provides chance find procedures to address OP/BP 4.11 requirements, as well as specific mitigations measures for compliance with Natural Habitats requirements in the project. It also contains an Environmental and Social Screening Form (ESSF) along with an Environmental and Social Checklist (ESCL) to be used systematically to properly screen all subprojects. Moreover, the ESMF sets forth the basic requirements to be followed by the borrower to ensure due compliance with safeguards policies. It additionally provides a set of social and environmental clauses to be considered as part of the Contractors' contracts to ensure contractors will implement the core safeguards

recommendations in all three safeguards instruments, as well as comply with safeguards requirements. Both the ESMF and the PMP were disclosed in-country and at the Infoshop on March 19 and March 25, 2013 respectively, whereas as mentioned above, the RPF was disclosed accordingly on April 8 and April 16, 2013. The provisions of the ESMF will be fully incorporated into the project's Operational Manual. The needed expenditures on environmental and social sustainability that are outlined in the ESMF and the PMP are incorporated into the project budgets.

## Annex 1: Results Framework and Monitoring

## COTE D'IVOIRE: Agriculture Sector Support Project

### 1. Results Framework (IDA funding)

| **Project Development Objective (PDO):** The project development objective (PDO) is to improve smallholder access to technologies and markets, and enhance governance of selected values chains supported under the project | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PDO Level Results Indicators*** | **core** | **Unit of Measure** | **Baseline** | **Cumulative Target Values**** | | | | **Frequency** | **Data Source/ Methodology** | **Responsibility for Data Collection** | **Description (indicator definition, etc.)** |
| | | | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | | | | |
| **Indicator One:** Direct project beneficiaries (of which female) | ☒ | Number<br><br>(%) | 0<br><br>0% | 5,000<br><br>15% | 15,000<br><br>15% | 50,000<br><br>17% | 70,000<br><br>17% | Twice a year | Project implementation progress reports | PCU/PIAs | An impact evaluation will also inform on revenues and inclusion. |
| **Indicator Two:** Areas of village plantations planted with improved planting material | ☐ | Hectares<br>Cocoa<br>Rubber<br>Oil Palm | <br>0<br>0<br>0 | <br>500<br>2,000<br>2,000 | <br>7,000<br>8,000<br>8,000 | <br>18,000<br>15,000<br>11,000 | <br>20,000<br>18,500<br>15,000 | Twice a year | Progress reports implementation progress reports | Conseil du Café-Cacao (CCC)<br>APROMAC<br>AIPH | All areas planted or replanted with improved materiel distributed under the Project |
| **Indicator Three:** Rural roads rehabilitated or maintained under the Project; | ☒ | kilometers | 0 | 200 | 1,500 | 2,200 | 2,500 | Twice a year | Project implementation progress reports | PCU, AGEROUTE, AIPH, APROMAC | Rehabilitation include maintenance programs |
| **Indicator Four** *:* Share of processed cashew in total export of cashew nuts | | % | <10% | 10% | 12% | 20% | 25% | Twice a year | Project implementation progress reports | PCU/ARECA | |
| **Indicator Five:** Funding from inter-professions investments funds with project support | ☐ | Millions of CFAF | 0 | 1,200 | 8,000 | 12,000 | 15,000 | Quarterly | IFRs, and Project implementation progress reports | CCC(FIMR, FIA), APROMAC, AIPH, INTECOTON | At least 75% of projected funding mobilized from FIMR, FIA, FDH, AIPH, and INTERCOTON to co-finance project activities |
| **INTERMEDIATE RESULTS** | | | | | | | | | | | |
| **Intermediate Result (component One):** Promotion of public-private partnership for sustainable cocoa development in Southwest Côte d'Ivoire | | | | | | | | | | | |
| *Indicator 1:* Number of cocoa farmers trained in good agricultural practices *(% femmes)* | ☒ | Number of client-days trained | 0<br>(0%) | 10,000<br>(6%) | 80,000<br>(7%) | 120,000<br>(9%) | 156,000<br>(10%) | Twice a year | Activity Report | CCC/PPP technical Secretariat | Corresponding to 13,000 producers trained in good agricultural practices along the cocoa cycle |
| *Indicator 2:* Number of socio-economic sub-projects co-financed with cooperatives of cocoa farmers | ☐ | Number | 0 | 10 | 50 | 100 | 130 | Twice a year | Activity Report | CCC/PPP technical Secretariat | Based on US$60,000 per sub-project with Project contribution of 50% |
| *Indicator 3:* Farmers who have partially or completely | | Number | 0 | 170 | 2,300 | 6,000 | 6,700 | Twice a year | Project implementation | CCC/PPP Technical | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| replanted with improved planting material | | | | | | | | | progress reports | Secretariat | |
| *Indicator 4:* Number of cooperatives benefiting of capacity building from the project | | Number | 0 | 5 | 20 | 35 | 50 | Twice a year | Project implementation progress reports | CCC/PPP Technical Secretariat | |
| **Intermediate Result (component Two):** Support to the expansion and renewal of village plantations of oil palm and rubber in Southeast Côte d'Ivoire | | | | | | | | | | | |
| *Indicator 5:* Number of producers who have adopted an improved technology supported by the project (of which % women) | ☒ | Number (% of women)<br>Rubber<br>Oil Palm | <br>0<br>0 | <br>400 (10%)<br>600 (10%) | <br>2,700<br>1,400 (15%) | <br>3,800<br>2,200 (17%) | <br>4,500 (20%)<br>3,000 (17%) | Annual | Project implementation progress reports | APROMAC<br>AIPH | |
| *Indicator 6:* Number of cooperatives benefiting of Project capacity building | ☒ | Number<br>Rubber<br>Oil Palm | <br>0<br>0 | <br>0<br>2 | <br>2<br>2 | <br>5<br>6 | <br>8<br>13 | Twice a year | Project implementation progress reports | AIPH-FENACOPAHCI | |
| *Indicator 7:* Number of value chains in compliance with Ordinance No.473-2011 on inter-professional associations | ☐ | Number<br>Rubber<br>Oil Palm | <br>0<br>0 | <br>1<br>1 | <br>1<br>1 | <br>1<br>1 | <br>1<br>1 | Twice a year | | AIPH,<br>APROMAC<br>DOPA/MINAGRI | |
| **Intermediate Result (component Three):** Support to the cotton sector and Promotion of Cashew processing in Central and Northern Cote d'Ivoire | | | | | | | | | | | |
| *Indicator 8:* Number of producers who have adopted an improved technology supported by the project | ☒ | Number<br>Cotton | 70,000 | 71,000 | 74,000 | 78,000 | 80,000 | Annual | Report on Cotton production and marketing campaign | INTERCOTON/ FIRCA | |
| *Indicator 9:* Number of cooperatives benefiting of capacity building from the project | ☐ | Number<br>Cotton | 0 | 10 | 30 | 70 | 100 | Annual | Project implementation progress reports | INTERCOTON, DOPA/MINAGRI | |
| *Indicator 10:* Number of value chains in compliance with Ordinance No.473-2011 on inter-professional associations | | Number<br>Cotton<br>Cashew | <br>0<br>0 | <br>1<br>0 | <br>1<br>0 | <br>1<br>1 | <br>1<br>1 | | Project implementation progress reports | INTERCOTON, DOPA/MINAGRI | |
| **Intermediate Result (component Four):** Project Implementation and support to sector coordination | | | | | | | | | | | |
| *Indicator 11:* Periodic Progress reports and IFRs produced and timely submitted | ☐ | Number | | 5 | 5 | 5 | 5 | Annual | Project implementation progress reports | PCU | Not cumulative (Project implementation progress reports and IFRs) |
| *Indicator 12*: Percentage of sub-projects implemented in compliance with project safeguards instruments | ☐ | % | 0% | 100% | 100% | 100% | 100% | Aide memoirs of ISM | Safeguards supervision report | PCU, Bank team | |

## Results Framework (including AFD financing)

**Project Development Objective (PDO):** The project development objective (PDO) is to improve smallholder access to technologies and markets, and enhance governance of selected values chains supported under the project.

| PDO Level Results Indicators* | core | Unit of Measure | Baseline | Cumulative Target Values** | | | | Frequency | Data Source/ Methodology | Responsibility for Data Collection | Description (indicator definition, etc.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | | | | |
| **Indicator One:** Direct project beneficiaries (of which female) | ☒ | Number<br><br>(%) | 0<br><br>0% | 12,000<br><br>15% | 35,000<br><br>15% | 90,000<br><br>17% | 120,000<br><br>17% | Twice a year | Project implementation progress reports | PCU/PIAs | An impact evaluation will also inform on revenues and inclusion. |
| **Indicator Two:** Areas of village plantations planted with improved planting material | ☐ | Hectares<br>Cocoa<br>Rubber<br>Oil Palm | <br>0<br>0<br>0 | <br>500<br>2,000<br>2.,00 | <br>7,000<br>8,000<br>8,000 | <br>18,000<br>15,000<br>11,000 | <br>20,000<br>18,500<br>15,000 | Twice a year | Progress reports implementation progress reports | CCC<br>APROMAC<br>AIPH | All areas planted or replanted with improved materiel distributed under the Project |
| **Indicator Three:** Rural roads maintained or rehabilitated under the project; | ☒ | kilometers | 0 | 600 | 4,500 | 5,200 | 5,800 | Twice a year | Project implementation progress reports | PCU, AGEROUTE, AIPH, APROMAC | Rehabilitation include maintenance programs |
| **Indicator Four** *:* Share of processed cashew in total export of cashew nuts | | % | <10% | 10% | 12% | 20% | 25% | Twice a year | Project implementation progress reports | PCU/ARECA | |
| **Indicator Five:** Funding from inter-professions investments funds with project support | ☐ | Millions of CFAF | 0 | 1,200 | 8,000 | 12,000 | 15,000 | Quarterly | IFRs, and Project implementation progress reports | CCC(FIMR, FIA), APROMAC, AIPH, INTECOTON | At least 75% of projected funding mobilized from FIMR, FIA, FDH, AIPH, and INTERCOTON to co-finance project activities |
| **INTERMEDIATE RESULTS** | | | | | | | | | | | |
| **Intermediate Result (component One):** Promotion of public-private partnership for sustainable cocoa development in Southwest Côte d'Ivoire | | | | | | | | | | | |
| *Indicator 1:* Number of cocoa farmers trained in good agricultural practices *(% femmes)* | ☐ | Number | 0<br>(0%) | 10,000<br>(6%) | 80,000<br>(7%) | 120,000<br>(9%) | 156,000<br>(10%) | Twice a year | Activity Report | CCC/PPP technical Secretariat | Corresponding to 13,000 producers trained in good agricultural practices along the cocoa cycle |
| *Indicator 2:* Number of socio-economic sub-projects co-financed with cooperatives of cocoa farmers | ☐ | Number | 0 | 10 | 50 | 100 | 130 | Twice a year | Activity Report | CCC/PPP technical Secretariat | Based on US$60,000 per sub-project with Project contribution of 50% |
| *Indicator 3:* Farmers who have partially or completely replanted with improved planting material | ☐ | Number | 0 | 170 | 2,300 | 6,000 | 6,700 | Twice a year | Project implementation progress reports | CCC/PPP Technical Secretariat | |
| *Indicator 4:* Number of cooperatives benefiting of | ☐ | Number | 0 | 5 | 20 | 35 | 50 | Twice a year | Project implementation | CCC/PPP Technical | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Project capacity building | | | | | | | | | progress reports | Secretariat | |
| **Intermediate Result (component Two):** Support to the expansion and renewal of village plantations of oil palm and rubber in Southeast Côte d'Ivoire | | | | | | | | | | | |
| *Indicator 5:* Number of producers who have adopted an improved technology supported by the project (of which % women) | ☐ | Number (% of women)<br>Rubber<br>Oil Palm | 0<br>0 | 400 (10%)<br>600 (10%) | 2,700 (16%)<br>1,400 (15%) | 3,800 (18%)<br>2,200 (17%) | 4,500 (20%)<br>3,000 (17%) | Annual | Project implementation progress reports | APROMAC<br>AIPH | |
| *Indicator 6:* Number of cooperatives benefiting of capacity building from the project | ☒ | Number<br>Rubber<br>Oil Palm | 0<br>0 | 0<br>2 | 2<br>2 | 5<br>6 | 8<br>13 | Twice a year | Project implementation progress reports | AIPH-FENACOPAHCI | |
| *Indicator 7:* Number of value chains in compliance with Ordinance No.473-2011 on inter-professional associations | | Number<br>Rubber<br>Oil Palm | 0<br>0 | 1<br>1 | 1<br>1 | 1<br>1 | 1<br>1 | Twice a year | | AIPH,<br>APROMAC<br>DOPA/MINAGRI | |
| | | | | | | | | | | | |
| **Intermediate Result (component Three):** Revamping of the cotton sector and Promotion of Cashew processing in Central and Northern Cote d'Ivoire | | | | | | | | | | | |
| *Indicator 7:* Total cotton production | ☐ | tons | 360,000 | 370,000 | 400,000 | 420,000 | 450,000 | Per campaign | Report on cotton production and marketing campaign | INTERCOTON | |
| *Indicator 8:* Animal traction kits provided to cotton producers under the project | ☐ | Number (cumulative ) | 0 | 0 | 5,000 | 12,000 | 16500 | Per campaign | Report on cotton production and marketing campaign | INTERCOTON | Include a pair of oxen and associated equipment |
| *Indicator 9:* Number of producers who have adopted an improved technology supported by the project | ☐ | Nombre<br>Coton | 70,000 | 80,000 | 100,000 | 125,000 | 150,000 | Annual | Report on cotton production and marketing campaign | INTERCOTON | |
| *Indicator 10:* Number of cooperatives benefiting of capacity building from the project | ☐ | Number<br>Cotton | 0 | 10 | 30 | 70 | 100 | Annual | Project implementation progress reports | PCU,<br>INTERCOTON,<br>DOPA/MINAGRI | |
| *Indicator 11:* Number of value chains in compliance with Ordinance No.473-2011 on inter-professional associations | | Number<br>Cotton<br>Cashew | 0<br>0 | 1<br>0 | 1<br>0 | 1<br>1 | 1<br>0 | Annual | Project implementation progress reports | INTERCOTON,<br>DOPA/MINAGRI | |
| **Intermediate Result (component Four):** Capacity Building of involved Stakeholders (existing or to be created inter-professions, cooperatives…) | | | | | | | | | | | |
| *Indicator 12:* Periodic Progress reports and IFRs produced and timely submitted | ☐ | Number | | 6 | 6 | 6 | 6 | Quarterly | Project implementation progress reports | PCU | Not cumulative (Project implementation progress reports and IFRs |
| *Indicator 13*: Percentage of sub-projects implemented in compliance with project safeguards instruments | ☐ | % | 0% | 100% | 100% | 100% | 100% | Annual | Safeguards supervision report, | PCU, ANDE, Bank supervision teams. | |

## Annex 2: Detailed Project Description

## COTE D'IVOIRE: Agriculture Sector Support Project

### I. PROJECT DESIGN AND DEVELOPMENT OBJECTIVES

1. The project development objective (PDO) is to improve smallholder access to technologies and markets, and enhance governance of selected value chains supported under the project.

2. The Project will provide support to the development of 5 of the most important (8) strategic commodities identified by the recent Country Economic Memorandum and National Agricultural Investment Program (NIAP): cocoa, rubber, oil palm, cashew and cotton. These five commodities (i) are central to the development of small-holder agriculture and the country's main farming systems, including associated food crops; (ii) have good market demand prospects, and (iii) are critical for the sustained growth of the sector, for poverty alleviation in rural areas and for the country's overall economic growth.

3. Project design is based on the following principles :

- For each commodity, project intervention will focus on the most important/representative production region in the country: the south-western region (Nawa) for cocoa; the south-eastern region (Sud Comoé and la Mé) for rubber and oil palm; the center-eastern region (Hambol and Gontougo) for cashew nuts and the northern regions for cotton.
- It adopts a value chain approach, based on the development of efficient public-private partnerships;
- It is designed as a program that can easily accommodate additional financing and be supported by all interested donors;
- It supports innovative activities/approaches that, if successful, can be scaled up nation-wide to the 5 crops' entire production areas;
- For each of the 5 "crop-region" pairs (e.g. cocoa-Nawa), it focuses specifically on activities with the greatest impact on value addition and small producers' income in the sub-sector, among the following common thematic menu of issues: (i) access to markets( transport infrastructure, product quality and certification); (ii) productivity and value addition(research, improved planting material, plant protection, extension and processing); and (iii) institutional development and value chains' governance and coordination, including strengthening of producer organizations and inter-professional bodies and promoting public/private partnerships and contract farming in support of smallholder development.

4. Key risks associated with the project are discussed in the ORAF, including: targeting and social inclusion, capacity issues at all levels, access to land, competition between cash crops and food crops and impact on households and overall food security, and social and environmental issues/safeguards.

5. The project's primary target groups are small farmers in the selected cocoa, oil palm, rubber, cashew and cotton producing areas. It is expected that at least 120,000 farmers will directly benefit from project interventions, of which about 17% will be women, through better access to improved planting material, productive equipment, training and advisory services, and

socio-economic infrastructure. Total direct and indirect beneficiaries would reach 500,000 people, when taking into consideration all households who will be benefiting from improved access to markets and social services through the rehabilitation of rural roads.

**Table 4: Project beneficiaries per component/commodity**

| Component | Number of direct beneficiaries | Total beneficiaries (direct +indirect) | Expected % of women benefiting |
|---|---|---|---|
| Cocoa | 42,500 | 200,000 | 10% |
| Rubber | 12,000 | 50,000 | 20% |
| Oil Palm | 5,500 | 50,000 | 15% |
| Cotton | 20,000 | 130,000 | 15% |
| Cashew | 40,000 | 70,000 | 20% |
| **Total** | **120,000** | **500,000** | **17%** |

6. Other actors along the supply chains will also benefit from project interventions. Agribusiness firms will enjoy an increased supply of better quality products from small farmers, and benefit from improved roads in project intervention areas as well as from the better overall governance and management of the value chains.

7. The table below provides a summary of project cost and financing plan.

**Table 5: Summary of Project Costs and Financing Plan (US$ Million)**

| THEMES COMPONENTS | Cocoa | Rubber & Oil Palm | Cotton &Cashew | Coordination | Total |
|---|---|---|---|---|---|
| Access to markets | 16.44 | 14.26 | 28.58 | | 52.15 |
| Productivity and Processing | 5.98 | 13.10 | 46.53 | | 68.00 |
| Institutional development | 3.91 | 2.30 | 5.25 | | 17.65 |
| ***Total*** | ***26.33*** | ***29.66*** | ***80.36*** | ***14.45*** | ***150.80*** |
| *Of which* | | | | | |
| *IDA* | *10.00* | 16.00 | 16.00 | 8.00 | 50.00 |
| *AFD* | *3.83* | 3.86 | 27.26 | 1.45 | 36.40 |
| *Government* | *10.75*[10] | | | 5.00 | 15.75 |
| *Inter-professions and beneficiaries* | *1.75* | 9.80 | 37.10 | | 48.65 |

## II. PROJECT COMPONENTS

### A. Component 1: Promotion of public-private partnership for sustainable cocoa development in Southwest Cote d'Ivoire *(US$ 26.33 million, IDA US$ 10.00 million, and AFD US$ 3.83 million)*

8. Although Cote d'Ivoire is the top producer and exporter of cocoa worldwide with an average of 1,300,000 metrics tons of beans exported per year, the development of the sector has been negatively impacted over the last decade by a very high taxation and poor governance. The recent reform of the sector (November 2011) reduced the fiscal and para-fiscal levies on the value chain and improved its management. However, the long term development of the sector – with a projected growth of 2% annually – and its impact on about 800,000 small households or 4,000,000 people in rural areas, is still threatened by the low productivity of the aging plantations, spreading diseases, poor transport conditions, decreasing quality of beans and a

[10] From the Conseil du Café-Cacao.

number of social issues negatively impacting on cocoa farmers livelihoods (such as low income, poor access to social services and child labor).

9. The Government of Cote d'Ivoire has adopted in November 2011 a bold reform of the coffee-cocoa sector which reaffirms the central role of the private sector in the management of the value chain, framed by an effective public-private partnership, and acknowledges the need to strengthen producer associations for to permit their greater involvement in the overall management of the sector. The key elements of the reforms include: (i) producers to receive at least 60% of cocoa cif price; (ii) an overall taxation through export taxes and other levies limited to 22% of the CIF price; (iii) a program of forward sales to allow for the intra-seasonal stabilization of producer prices; and (iv) the establishment of a new agency, the Conseil du Café-Cacao, with a governance body including representatives of all actors of the value chain, to be in charge of the regulation, management and overall development of the sector; and (v) the establishment a Public-Private Partnership Platform (PPPP) under the leadership and supervision of the Conseil du Café, for the updating and the implementation of a comprehensive program for sustainable development of the coffee and cocoa sector – known as "2QC (*Quantité, Qualité et Croissance*) Program".

10. The Project will support, on a cost-sharing basis with the Conseil du Café-Cacao, the activities of the (PPPP) Technical Secretariat for coordinating the implementation of the 2QC program, as well as selected activities of the latter. Project support will leverage the resources mobilized internally on the value chain through levies on cocoa exports for speeding up and expanding 2QC activities, to be implemented by private actors and institutions of the national agricultural research and extension system (Inter-Professional Fund for Research and Agricultural Advice - FIRCA, the National Agricultural Research Center - CNRA and National Rural Development Support Agency - ANADER).

11. Under this component, the Project aims to replant/replace, with improved planting material, about 20,000 hectares (ha) of the cocoa orchards that are over 25 years old and increase the number of farmers participating in sustainable cocoa development programs.

12. The component will include the following subcomponents:

(i) *Subcomponent 1-1: Improving farmer's access to markets*. To facilitate improved farmer's access to markets, the project will support the following activities:

   a. **Parallel co-financing of socio-economic sub-projects with cooperatives participating in sustainable cocoa development programs**. The project will support sub-projects implemented by cocoa cooperatives. These subprojects will be co-funded by the cooperatives themselves, through direct contributions of members or from part of the price premium received for their certified beans, and from the FIMR, including with IDA financing. IDA funding will provide matching grants through FIMR, directly to cocoa cooperatives or trading partners for financing eligible sub-projects, including equipment for improving quality of beans or mainstreaming women led activities, and social infrastructure to improve access to water, education, health, electricity etc.). It is expected that about 130 of such sub-projects will be funded under the Project on a pilot basis in the Nawa region, for further scaling up to other cocoa producing areas under the FIMR, aiming to improve access to quality of basic social services by participating communities, and providing additional incentives for increasing both the number of farmers joining cooperatives and the number of cooperatives participating in sustainable cocoa activities ;

*b.* **Rehabilitation and maintenance of feeder roads**. The project will support the rehabilitation and maintenance of about 960 km of priority feeder roads in the Nawa region, which will be jointly funded by the IDA financing, AFD and the FIMR. The program include technical studies, and environmental and social impact assessments and mitigation measures, for the rehabilitation of 240 km (of which 80 km under the IDA financing, and 160 km with AFD funding), and the maintenance of 720 km of the same (of which 240 km under IDA financing and 480 Km with AFD financing). This pilot operation will complement en emergency rehabilitation program of 625 km already being implemented under the Bank-funded Emergency Infrastructure Renewal Project (PRI-CI). Lessons from this pilot operation will inform the design of the upcoming national strategy for rehabilitation and maintenance of the country's rural road network, based on a partnership between the government and inter-professions, including joint planning, joint financing, and sharing of roles and responsibilities in implementing an annual priority rehabilitation and maintenance programs.

(ii) *Subcomponent 1-2: Support to cocoa productivity*. This sub-component aims at improving cocoa productivity and farmer's revenues. Specifically, it will support the following activities, as part of the 2QC regional action plan for the Nawa region:

a. **Support of training programs** for about 13,000 cocoa farmers (equivalent to 156,000 client-days of training) on good agricultural practices (GAP), through appropriate delivery mechanisms such as Farmers Field Schools (FFS);

b. **Enhancement of the disease control system** (in particular for controlling the spread of Swollen Shoot) including the design and implementation of a cocoa disease early warning system - including the use of new affordable information technologies to reach out remote areas- and the implementation of a Pest Management Plan (PMP);

c. **Increased access to improved planting materials** for planting and replanting of about 20,000 ha of aging and disease-infected cocoa stands. The project will support the scaling up of the production of improved planting materials through a combination of standard production methods (seed pods) by increasing CNRA clonal gardens, embryogenesis and newly introduced grafting techniques; establishment of village nurseries; and mass dissemination of planting materials, notably in areas hit by swollen shoot and other viral and fungal diseases. The project will also support the design of an efficient market-based financing mechanism for ensuring adequate access by farmers to necessary inputs.

The project will co-finance access to improved planting materials with the Conseil du Café-Cacao's Agricultural Investment Fund (FIA). It will also co-finance activities related to training of farmers and control fo cocoa diseases with the FIA and/or with private companies through appropriate matching grants (as defined in the PPP Platform and the project's implementation manuals). When co-funded with the Conseil du Café-Cacao, activities will be implemented through the institutions of the national agricultural advisory system (FIRCA, ANADER, CNRA).When co-funded with a private partner; they will be implemented through appropriate implementing agencies selected by the private partner according to arrangements eligible under the PPPP and the project's implementation manuals.

(iii) *Subcomponent 1-3: Capacity building and institutional enhancement.* The component will support:

a. **Technical assistance to the Conseil du Café-Cacao,** by contributing to the operationalization of the Technical Secretariat of the PPPP. Project's contribution will consist of providing technical assistance to the Technical Secretariat of PPPP (PPPP/TS) through additional staff, and support the design and implementation of its M&E system. The project will strengthen the Technical Secretariat through the recruitment of a consultant in charge of the technical coordination and the M&E of the Component, a procurement specialist (for six months), and additional support staff (one accountant and one assistant). The PCU accounting software will be also installed for easy management and coordination of the Project sub-account to be opened for the Component. Support to the Conseil du Café Cacao and PPPP/TS's M&E systems will consist of hiring of consultants, additional equipment and operating cost (e.g. for data collection and analysis) to design and set-up selected databases on cocoa producers and production, including the use of information technologies, such as geo-referencing techniques. This sub-component will be implemented in partnership with the Conseil du Café-Cacao's main partners in the PPPP platform, such as the World Cocoa Foundation (WCF) which will provide technical assistance to roll out its COCOA-MAP system in Cote d'Ivoire.

b. **Support to the structuring and management of cocoa cooperatives.** The subcomponent will co-finance with Conseil du Café-Cacao the institutional, technical and financial assessment of existing cooperatives and, for those potentially viable; the preparation and support to implement capacity building plans that will strengthen their operational and management capacity. An experienced consulting firm will be hired on a competitive basis by the Technical Secretariat of 'the PPPP in close collaboration with MINAGRI's Department of Agricultural Producer Associations (DOPA).

13. The total cost of the component is US$26.33million including US$10.0million from IDA, US$3.83million from AFD's debt relief mechanism entirely dedicated to the feeder roads rehabilitation and maintenance program, US$10.75million from the Conseil du Café-Cacao's investment funds (FIMR and FIA), and US$1.75million from beneficiary cooperatives as contribution to the cost of their socio-economic subprojects to facilitate, inter alia, access to education, water, human watering and electricity in cocoa producing areas.

14. The Conseil du Café-Cacao will be responsible for the overall implementation of the component ("*maitrise d'ouvrage*"). Project funding will be channeled through its two financing mechanisms: the Rural Investment Fund (FIMR) and the Agricultural Investment Fund (FIA). The Funds' operational and fiduciary/administrative procedures and their governance structure have been reviewed and improved to be more responsive to farmer's needs and to comply with the country and Bank fiduciary and safeguards requirements. The Conseil du Café-Cacao (CCC) will enter into suitable agreements with relevant bodies of the country's agricultural advisory system (FIRCA, ANADER and CNRA) and sign memoranda of understanding with private companies for the implementation of co-financed programs approved under the PPP Platform.

**Table 6: Costs by sub-component and activities for Component 1-Cocoa**

| SUB-COMPONENTS | ACTIVITIES | AREAS | | Total costs ( US$m) | Project Funding (IDA & AFD) | Beneficia-ries' Contribu-tion | CCC contribu-tion |
|---|---|---|---|---|---|---|---|
| | | Nawa focused | All Cocoa prod. areas | | | | |
| 1.1. ACCESS TO MARKETS | Rehabilitation and maintenance of feeder roads | X | | **8.39** | 5.10 | | **3.29** |
| | Parallel co-financing of socio-economic subprojects | X | | 7.80 | 3.50 | 1.75 | 2.55 |
| SUPPORT COCOCA PRODUCTIVITY | Training of farmers in Good Agricultural Practices (GAP) | X | | 1.00 | 0.50 | | 0.5 |
| | Enhancing disease control system | | X | 1.00 | 0.50 | | 0.5 |
| | Increase access to improved planting materials | X | | 3.8 | 1.90 | | 1.9 |
| | Designing access to inputs mechanism | | X | 0.15 | 0.10 | | 0.05 |
| INSTITUTIONAL DEVELOPEMENT | Support to the PPPP Technical Secretariat | | X | 0.75 | 0.50 | | 0.25 |
| | Support to designing and implementing the ST/PPP M&E system | | X | 2.50 | 1.25 | | 1.25 |
| | support to structuring and development of farmers' cooperatives | X | | 0.94 | 0.48 | | 0.46 |
| **TOTAL** | | | | **26.33** | **13.83** | **1.75** | **10.75** |

### B. Component 2 - Support to the expansion and renewal of smallholder plantations of oil palm and rubber in Southeast Côte d'Ivoire (*US$29.66 million, of which, IDA US$ 16.0 million, and AFD US$3.86 million*)

15. The expansion of the two sectors over the past decade has been driven by skyrocketing international prices, and should be sustained in the years to come by continuing favorable market prospects. However, the development of the two sectors is constrained by an increasingly limited access to land under adequate tenure security for both large agro-industries and SMEs, limited access to affordable improved planting materials and associated inputs for smallholders, poor transport conditions (especially important for palm production) and a limited labor force for plantation maintenance and harvesting. Because of an increasingly difficult access to land for the establishment of large plantations, future development will mostly rely on the expansion of village/smallholder plantations, in terms of both area planted and increase in yields (e.g. actual

rubber and palm bunches yields on smallholder plantations are very low, i.e. less than half those of industrial estates).

16. The objective in the Government's 7th Rubber Development Plan is to establish 300,000 ha of new plantations by 2020, with expected total production of dry rubber reaching of 600,000 metric tons (against 240,000 tons in 2012), most of which to be established on small and medium scale farms. The main instrument to support this strategy is the Rubber Development Fund (*Fonds de Development de l'Hévéa -FDH*) established in 2008 by the Rubber Sector Inter-professional Association (APROMAC) with the following purposes: (i) support the extension of smallholder's plantations through subsidized provision of high yielding planting materials; (ii) implementation of training programs to ensure an adequate supply of skilled resources for the development of the sector (grafters, harvesters, plantation managers, etc); (iii) rehabilitation and maintenance of key feeder roads to improve the collection of smallholder's output and its delivery to processing units. APROMAC has also initiated a competitive extension service program and the restructuring of rubber cooperatives and the provision of advisory services for their management to improve the quality of services to their members.

17. In the oil palm sector, the 3rd Oil Palm Development Plan's objective was to establish 200,000 ha of new plantations by 2020, through replanting to double the country's total output of crude palm oil (CPO) from about 400,000 tons currently to about 800,000 tons. The Oil Palm Inter-professional Association (AIPH) has initiated since 2011 a development program focusing on the maintenance of feeder roads in producing areas to improve the collection of Fresh Fruit Bunches (FFB) from smallholder plantations. AIPH is also planning the establishment of a mechanism similar to the Rubber Development Fund to (i) finance the production of improved planting material for distribution to small and medium-scale plantations, to improve the competitiveness and profitability of oil palm production contrary to that of rubber which compete for producers' land and labor resources; (ii) support the development of skilled human resources required by the sector; and (iii) support the national federation of oil palm cooperatives (FENACOOPAHCI) for the implementation of a program aimed at strengthening the management of its member cooperatives and improving their access to financial services. [11].

18. The proposed project will focus on the development of the smallholder rubber and oil palm plantations. It will support APROMAC and AIPH programs for increasing smallholders' access to highly productive planting material and agricultural advice, and strengthen producer organizations. A major focus of the component will be on (i) the inclusion of smallholders, women and youth in the subsector's supply chains, and (ii) the promotion of sustainable development by addressing social and environmental issues in the two sectors.

19. Component's activities will include the following sub-components:

*(i)* *Subcomponent 2-1. Improving access to markets for smallholders in rubber and oil palm producing areas:* Transport services and the condition of roads networks are major constraints to access to markets for smallholder, and particularly for palm nuts which are a highly perishable. To cope with this access constraint, the sector Inter-professions of rubber (APROMAC) and for oil palm (AIPH) have established a mechanism for funding priority feeder roads maintenance programs through a levy on production. In 2011, APROMAC and AIPH mobilized CFAF2.6 billion (US$5.2million) and CFAF1.3 billion (US$2.6million),

[11] FENACOOPAHCI has a guarantee fund of approximately CFAF400 million which has already facilitated establishment nurseries within ten cooperatives.

respectively, for re-profiling of the most degraded segments of the network in rubber and oil palm producing areas across the country. As under Component 1, the project will support a pilot operation with joint funding by the project (i.e IDA and AFD combine financing), and the two inter-professions (AIPH and APROMAC) for the rehabilitation of about 450km, and maintenance of about 1,350km of feeders rural roads in the regions of Sud Comoé and La Mé (southeastern part of the country), of which the IDA financing will support the rehabilitation of 260km and the maintenance of 800km, while AFD parallel co-financing will support 185km of rehabilitation and 550km of maintenance, respectively.

(ii) *Subcomponent 2-2. Enhancing productivity through Access to improved planting material for smallholders in the rubber and oil palm sectors:*

a. **In the rubber sector**, the project will project will provide support to APROMAC for the production and distribution of improved planting material for the establishment of 18,500 hectares of smallholder plantations as follows: (a) support to the FDH for the establishment of about 10 individual nurseries, and the production and distribution of improved planting material (with a subsidy of 90% of seedling cost to be provided on a declining basis) to smallholders with a particular focus on women for planting and replanting of up to 4,500 hectares (seedlings for 2 ha maximum to each smallholder, for a total of about 2,250 beneficiaries) in the regions of Sud-Comoé and La Mé,; (b) support for the establishment of about 50 village/community nurseries (25 ha in total) in regions of the country where rubber production is a new activity (including the regions of N'Zi, Iffou, Goh and Haut-Sassandra) for producing the seedlings necessary for the creation of about 14,000 ha of new smallholder plantations (less than 2 hectares per beneficiary, for a total of about 7,000 beneficiaries) by end of project (the community members providing their labor). In addition, the component will support the establishment of 10 private rubber nurseries (2ha each) by young entrepreneurs (women will be targeted) in the Sud-Comoe and La Mé regions, with a mechanism for the total recovery from beneficiaries of investment costs by the FDH. The project will assist APROMAC in developing an appropriate mechanism for targeting smallholders, in particular youth and women, as beneficiaries of the component's activities, and for the monitoring and evaluation of the targeting mechanism.

b. **In the oil palm sector**, the project will support AIPH for the establishment of an efficient mechanism for the production and distribution of improved planting kits (seedlings, site protection fences and fertilizer) to targeted smallholders for the establishment of about 40,000 ha of plantations (maximum of 2 ha per beneficiaries, for a total of about 20,000 beneficiaries). The financing of the planting kits will be done on a matching grant basis, with beneficiaries' contributing 50% of the total cost of the kit. The matching grant will be provided by the project on a declining basis over the project period. The project will assist AIPH in developing an appropriate mechanism for targeting smallholders, in particular youth and women, as beneficiaries of the component's activities and monitoring and evaluation of the latter.

(iii) *Subcomponent 2-3. Structuring of farmers' organizations and support to sector's institutional development: The project will support the following activities:*

i. **In the rubber sector**, the project will support on cost-sharing basis with APROMAC: (a) the strengthening of the fiduciary and operational procedures of the FDH through hiring for one year, of one financial management specialist and one procurement specialist, and the acquisition of an adequate financial management software, including adequate training of FDH fiduciary staff for operating it; (b) the program initiated by APROMAC and FIRCA for strengthening the management of rubber cooperatives, and structuring upcoming smallholders beneficiaries into cooperatives; (c) the monitoring and evaluation of the pilot feeder road rehabilitation and maintenance program and the smallholder productivity program (with a specific focus on the targeting mechanism and safeguards related aspects); and (d) the capacity-building and institutional measures necessary for APROMAC to secure from the Ministry of Agriculture the accreditation and licensing as a legal inter-profession.

ii. **In the oil palm sector**, the project will assist AIPH in piloting a new approach for strengthening the partnership between 2 cooperatives and one processing company for the management of the logistics/FFB collection, the provision of advisory services and the establishment of adequate financing mechanisms for cooperative members' access to equipment and input. The pilot will be financed by the project, through AIPH, and the FENACOPAHCI (through its guarantee fund). An experienced technical firm will be selected by AIPH and FIRCA for designing this pilot operation and providing technical backstopping for its implementation. The results and lessons from this pilot will be used for scaling up this approach to other cooperatives. The project will also support, in collaboration with IFC, the preparation of the national interpretation of RSPO guidelines and the implementation of RSPO-benchmarked social and environmental standards across the sector. Finally, the project will also support AIPH in improving its governance structure and its operational and fiduciary procedures – with the acquisition of proper accounting software and the support from consultants on procurement and financial management-, and for securing from the ministry of agriculture the pertinent accreditation and licensing as a legal inter-professional body.

20. The total cost of the component is estimated at US$ 29.33million of which US$ 16.0 million from IDA and US$ 3.86 million from AFD (with the latter entirely dedicated to the roads rehabilitation and maintenance program). Beneficiaries will contribute to the cost of improved planting materials for establishing or rehabilitating their plantations, while APROMAC and AIPH, will pay for 1/3 of the feeder roads rehabilitation and maintenance program and will contribute on average about 50% (on an increasing basis over the project period) of the subsidy on improved planting material to smallholders. APROMAC and AIPH will also contribute to the financing of the supervision, monitoring and evaluation of the productivity programs, as detailed in their operational manuals.

21. The Project (combined IDA and AFD financing) will support 100% of the cost of technical studies and civil works (to be implemented by AGEROUTE) on the primary rural roads network (R1) linking villages to the main national network. It will finance 2/3 of the total cost of the rehabilitation and maintenance of lower segments of the targeted feeder road network (i.e R2 & R3), while the inter-professions will bear the remaining 1/3 of the total cost and will be responsible for implementing these activities. AGEROUTE as well as the inter-professions will enter into a performance–based contract with the Ministry of Agriculture through the PCU for the implementation of the rural roads programs.

22. APROMAC and AIPH will be responsible for the implementation of the productivity programs according to agreed-on operational procedures spelling out the eligibility criteria, the targeting mechanism, thelevel of beneficiaries' contribution, delivery mechanism, quality

control, and arrangements for M&E. Implementation of activities will be contracted out by inter-professions to competent bodies of the country's national system of agricultural services (FIRCA, CNRA, and ANADER) as appropriate. An experienced international firm with proven track records on technical assistance to cooperatives and agribusiness SMEs will be recruited on a competitive basis under a performance-based contract to design and implement the pilot partnership between 2 cooperatives and one processing company.

**Table 7: Costs by subcomponent and activities for Component 2-Rubber & oil Palm**

| Sub-Components | Activities | AREAS | Total Cost | Project Funding (IDA/AFD) | BENEF. Contri-bution | Contribution AIPH & APROMAC |
|---|---|---|---|---|---|---|
| **Access to Markets** | Rehabilitation and maintenance of feeder roads | Sud-Comoé, Lamé | 14.26 | 9.46 | 0.00 | 4.80 |
| **Improving productivity** | Support to the production and distribution of improved planting materials | Sud-Comoé, Lamé | 4.10 | 3.30 | 0.40 | 0.40 |
| | Support to Communities' rubber nurseries | N'Zi, Iffou, Gôh, Haut Sassandra | 2.60 | 1.00 | 0.00 | 1.00 |
| | Subsidized improved palm oil planting kits to smallholders | National | 4.40 | 2.50 | 0.90 | 1.00 |
| | Pilot operation on logistics and advisory services Cooperatives-Agro-Processing Unit | Sud-Comoé, La Mé | 2.00 | 1.50 | 0.50 | 0.00 |
| **Institutional Development** | Support to cooperatives, to APROMAC and AIPH | National | 2.30 | 1.50 | 0.00 | 0.80 |
| **TOTAL** | | | **29.66** | **19.86** | **1.80** | **8.00** |

### C. Component 3: Support to the cotton sector and Promotion of Cashew processing in Central and Northern Cote d'Ivoire: (US$80.36 million; IDA US$16.0 million; AFD US$27.26 million)

23. Cotton has long been the foundation of the economy in Northern Côte d'Ivoire. Cotton production had risen rapidly (7.5% per annum from 1990 to 2000) and by the turn of the century 180,000 households were involved in its cultivation and the country had become one of the largest producer (over 400,000 tons of seed cotton) and exporter of cotton fiber in sub-Saharan Africa. There were 13 ginning companies, three spinning and weaving mills, two textile companies and one cottonseed oil processor. Cotton production is well integrated in the farming subsystem and complementary to food production. It is typically grown in rotation with maize and/or rice because it provides access to fertilizer. Cotton production supported the adoption of animal traction, through the revenues necessary to make the initial investment, and the livestock sector through the production of oilseed cake for animal feeding. A 2002 survey found that over 90% of the population lived above the poverty line in cotton producing villages, against 30% in northern villages with little cotton activity.

24. The cotton sector has been hard hit by the recent social and political crisis which isolated the Northern zones from their main (overseas) markets and permitted a considerable

deterioration of the sector's institutional governance. Production of cotton fell to 120,000mt and the number of cotton producers to less than 60,000 in 2008, i.e. to less than 30% of their peak at the start of the decade.

25. The situation began to turn around in 2008. A new strategy was adopted, confirming the liberalized institutional framework of the sector that was established by the 2002 Ordinance which forbid any monopolistic arrangement for the provision of services or the marketing of seed cotton, and established the sector's public regulatory agency (ARECA) and inter-professional body (INTERCOTON). The 2008 strategy, implemented with the European Union support, focused on strengthening producer associations, carrying out the financial restructuring of the sector, the provision of basic research and extension services, and the establishment of consensual and transparent mechanisms for managing and regulating the sector. A new price-setting mechanism was adopted in 2010. At the same time, world prices rebounded remarkably (nearly tripling from US$0.56/lb in 2008 to US$1.50 at the end of 2010). As a result, production started to recover quickly. It reached 250,000 in 2010/11 and is expected to exceed 350,000 tons in 2013.

26. However, continued equitable growth in the sector will require (i) better access to markets (transport infrastructure); (ii) sustained improvements in on-farm productivity with access to new technologies, inputs, equipment (mechanization) as well as improved agricultural practices including soil fertility; (iii) rebuilding the capacity and cohesion of the producers' organizations as their disintegration over the last decade undermines the possibility of establishing a legitimate inter-profession and deprives the ginneries of the partners necessary to engage in contractual relationships; and (iv) sustaining the on-going institutional reforms to clarify the roles of the inter-profession (INTERCOTON) and the regulatory authority (ARECA) and establish transparent rules of the game for the operators of the sector (pricing, quality control and marketing arrangements, access to inputs and extension services) to re-establish confidence between the different actors in the sector and improve the efficiency and cohesiveness of the entire value chain.

**Component's activities on cotton (US$61.38million; of which IDA US$7.00million, AFD US$23.21million)**

27. The project will continue to support and strengthen activities undertaken since 2008, to implement the sector development strategy. Project support will include: (i) the establishment of a sustainable public-private partnership for the maintenance of rural roads and the implementation of a priority rural road maintenance program; (ii) support to efficient contractual arrangements for the provision of agricultural extension services ; (iii) support to the development of animal traction; and (iv) strengthening of producer cooperatives and of INTERCOTON. Support to research and to value chain quality and traceability system are also important aspects of the value chain strategy, and will continue to be supported with EU financing.

28. The total cost of project's activities on the cotton sector is estimated at about US$60 million and will be financed by IDA, the French Cooperation Agency (AFD) and beneficiaries as follows:

**Table 8: Costs by subcomponent and activities for Component 3-Cotton ( US$m)**

| Subcomponent | | Total Cost | IDA | AFD | INTERCOTON and Beneficiaries |
|---|---|---|---|---|---|
| Access to Markets : Feeder roads | | 13.29 | 3.35 | 5.76 | 4.18 |
| Productivity | Research & Extension services | 22.37 | 0.65 | 4.84 | 16.88 |
| | Animal Traction | 20.22 | 1.00 | 9.61 | 9.61 |
| Institutional Development | Restructuring cooperatives | 4.00 | 1.50 | 2.20 | 0.30 |
| | Support to INTERCOTON | 1.50 | 0.50 | 0.80 | 0.20 |
| **Total** | | **61.38** | **7.00** | **23.21** | **31.17** |

(i) *Sub-component 3.1.a. Rehabilitation and maintenance of rural roads:* As already indicated the project will support the establishment and piloting of a new mechanism for the maintenance of rural roads, based on a partnership between the State and the sector's operators. INTERCOTON has approved a levy of CFAF 1.5/kg seed cotton for this activity, which represents about CFAF 500 million per year (US$1.0 million/year and US$4.0 million over the project period) for this activity. With a "matching" of 2:1 from the project/government, the total available resources will therefore be CFAF 1.5 billion/year for the maintenance of priority roads. Resources generated by the levy and the corresponding resources from the project will be deposited in a special account opened for this purpose by INTERCOTON under the project, which would be the precursor of a possible regional "Cotton Rural Road Maintenance Fund". A Committee composed of representatives of INTERCOTON, the ministries of infrastructure and agriculture and the regional councils will be responsible for managing the program, approving the overall and annual work programs. The special rural road account will be managed by INTERCOTON Executive Secretary. The available resources will help rehabilitate 420 km and maintain around 800 km of priority roads under the project, of which IDA will finance 150 km and 460 and under AFD 270km and 800 km on rehabilitation and maintenance, respectively. A program of over 5,000 km of priority roads has been pre-identified in cotton and cashew producing areas for project activities. Specific annual programs will be approved by a Committee composed of representatives of INTERCOTON, the ministries of Economic infrastructure and the Ministry of Agriculture and the regional councils. AGEROUTE (*maîtrise d'ouvrage déléguée-MOD*) will be responsible for the implementation of the programs approved by the Committee (technical studies, mobilization of private contractors through a competitive bidding process and supervision of works). The PCU will sign Conventions with INTERCOTON and with AGEROUTE, defining their roles and respective commitments with each partner in this component; scope, costs and schedule of studies will be detailed each year in respect with AWPB planning and approval process. INTERCOTON, AGEROUTE and the PCU will sign conventions providing their respective roles and responsibilities under the component, and scope, costs and scheduling of studies and work will be detailed on an annual basis as part of the AWPB planning and approval process.

(ii) *Sub-component 3.2. Improving agricultural productivity in cotton-based production systems*:

a. **Support to the provision of agricultural research and extension**:_INTERCOTON has introduced in 2010 a system, managed by FIRCA, for the provision of agricultural extension services to cotton producers through performance contracts signed between FIRCA/ INTERCOTON and eligible providers, essentially the existing Ginning companies and a limited number of large Producer Cooperatives. The contracts are financed by a levy collected by INTERCOTON on seed cotton production. Following a positive evaluation of this system (2012), it has been decided that it would be generalized. The current levy of CFAF 3.0/kg of seed cotton (CFAF 1.0 billion/year) at current levels of production (350,000 tons) is however not sufficient to cover the total cost of an efficient agricultural advisory service which is estimated at CFAF 2.2billion/year. The project will therefore provide the necessary complementary financing, on a declining basis, to bridge the funding gap. This contribution will be declining over the project period, with INTERCOTON gradually increasing the levy as necessary (given the expected production) to assume the full cost of advisory services by the end of the project. The table below presents an estimation of the cost of extension services; the level of the levy and the resources mobilized by INTERCOTON and the level of funding required from the project. The latter can be estimated at about CFAF 2.2 billion (US$4.4 million) over project duration. A specific commitment will be secured from INTERCOTON to that effect before project effectiveness. INTERCOTON's levy and project complementary funding will be deposited into an account opened by FIRCA and dedicated to this purpose. FIRCA will sign annual performance contracts with eligible service providers after formal approval by INTERCOTON and the Government. Project activities for cotton will be implemented in compliance with INTERCOTON operational manual; approval of INTERCOTON operational manual will be an effectiveness condition of the project.

**Table 9: Costs by subcomponent and activities for Component 3-Cotton**

| | **2013/2014** | **2014/2015** | **2015/2016** | **2016/2017** |
|---|---|---|---|---|
| Number of producers | 120,000 | 130,000 | 140,000 | 150,000 |
| Number of extension agents | 600 | 650 | 700 | 750 |
| Total costs of services CFAF millions) | 2,100 | 2,275 | 2,450 | 2,625 |
| Production of cotton-seeds (kg) | 330,000 | 340,000 | 350,000 | 360,000 |
| Unit cost kg de coton CFAF/Kg | 6.4/kg | 6.7/kg | 7.0/kg | 7.3/kg |
| Contribution Producers(CFAF/Kg) | 3.0/kg | 5.0/kg | 6.0/kg | 7.0/kg |
| Contribution PSAC (CFAF/KG) | 3.4 | 1.7 | 1.0 | 0.3/kg |
| Contribution PSAC (CFAF Millions) | 1,122,0 | 578,0 | 350,0 | 108,0 |
| **Cumulative Contribution PSAC (CFAF millions)** | | **1,700.0** | **2,050.0** | **2,158.0** |

b. **Support to animal traction**:_Animal traction is one of the technologies which greatly improve (labor) productivity. It experienced a sustained development since the 1970s and by 1999 it accounted for 40% of cotton farms, 56% of total planted areas and 60% of total production. The recent crisis has had a drastic negative impact on the use of animal traction. It is estimated that the number of draught animal declined from 80,000 in 2000 to 30,000 in 2008. The development of animal traction was supported again during the 2009-2011 period under an emergency re-stocking program financed by the European

Union which distributed 5,000 oxen and animal traction equipment and resumed the protection campaigns against tripanosomiasis. There is currently a very strong demand from cotton producers for animal traction. The sub-component will thus include the activities below.

- **Provision of oxen and traction equipment through a Cotton Equipment Fund (CEF):** The fund will be established under C2D/AFD funding, and will finance about 20,000 oxen and related equipment for a cost of about CFAF 10.0 billion (US$20.0 million). Cotton producers have lost a significant part of their productive assets, translating into low productivity. They also have very limited access to credit. The project would thus provide a matching grant of approximately 50% on the cost of animals and equipment (for a total amount of CFAF 5 billion/US$10.0 million), producers would finance the remainder through their own funds or credit (from cotton ginning companies or financial institutions). The Government has launched the feasibility study of the Fund, with AFD financial support, which will detail operational and fiduciary requirements, including targeting mechanism and eligibility criteria for selecting beneficiaries. As a companion of the CEF, IDA financing will support under subcomponent 3-5a INTERCOTTON to adequately manage the Fund.

- **Specialized technical support for animal traction:** Contracts awarded by INTERCOTON through FIRCA for the delivery of advisory services to producers will include specific arrangements for the provision of specialized technical advice for producers' efficient management of animal traction. In the first two years of implementation, the project will finance the training/recycling of advisory service providers' staff specializing on animal traction.

- **Support to the control of Tripanosomiasis.** The project will also provide support through (i) the establishment of 500 village committees for tsé-tsé control; (ii) the installation of 30,000 traps; and (iii) the training of specialized staff for the extension service providers and for the Ministry of Animal Resources. In addition to this limited intervention, the project will work closely with the Ministry of Animal Resources and livestock projects and programs in the project intervention area; and in particular, the new operation under preparation with African Development Bank support in the zone of Korhogo, among other identified poles.

(iii) *Sub-Component 3.3. Institutional development for the cotton sector:*

a. **Support to the restructuring and strengthening of producer associations:** The weakness of the cooperative movement remains a major problem as it undermines the possibility of establishing a legitimate inter-profession and deprives the ginneries of the partners necessary to engage in contractual relationships. Their reorganization has been started through a program initiated in 2009 with support from the EU. The second phase of this program will be completed in 2014 and allow consolidation of 100 of the 265 existing cooperatives in 30 better structured units with a larger geographical base (sous-prefecture) giving them a viable economic size; and of 12 of the 20 existing unions of cooperatives (apex associations), into 6 larger and more representative ones. The project will continue this restructuring and capacity-building program. It will provide further support to the new 30 restructured cooperatives and their apex associations and support the required activities and measures to consolidate the remaining 165 cooperatives and 8 unions of cooperatives into respectively 45 and 3 new restructured units. The objective by the end of the project is thus for the cooperative movement to include (a) 45 producer cooperatives with a size sufficient to efficiently provide to their members the services they need and be credible partners of cotton ginning companies for developing genuine contract farming arrangements; and (b) 10 cooperative apex bodies with the legitimacy and capacity necessary for representing the interest of their members in the management of the value chain, inter alia in INTERCOTON's Board.

b. **Strengthening of the Inter-profession:** INTERCOTON was created in 2002 along with ARECA, the sector's regulatory body. INTERCOTON's effectiveness was hampered by several factors including an overlap of responsibilities with ARECA, the lack of the authority necessary to impose its decisions on all value chain actors, and strong disagreements within the institution between the producers and the ginneries as to the operational structuring of the value chain. The ginners insist on a return to exclusive zones in which they provide all critical inputs and services, and have a monopoly on cotton purchases while the producers want to reduce their resented dependence on the ginneries and prefer the establishment of a competitive environment for both the provision of inputs and services and the purchase of their production. INTERCOTON has benefitted since 2009 from a support from the European Union and made important institutional advances such as inter-professional agreements on a market-based mechanism for the determination of the producer price. It has also made progress on improved seed production and the delivery of extension services. A new law on inter-professions has also recently been adopted that will allow INTERCOTON, when it finally gets the formal inter-professional status and receive from the Ministry of agriculture the needed authority to enforce its decision on all value chain members. EU support will continue over the next four years to assist INTERCOTON in tackling the value chain's remaining operational issues such as demand-driven cotton research, input financing, producers' identification and seed cotton quality and traceability. The project will thus be limited to provide INTERCOTON with the capacity to manage/coordinate the institutional development of the sector and the project's cotton sub-component, including its monitoring and evaluation. It will finance an external assistance in the areas of (i) rural road maintenance; (ii) animal traction; (iii) monitoring and evaluation; (iv) fiduciary (procurement and financial) matters; and (v) M&E. In parallel, INTERCOTON will recruit and pay from its own resources, its staff in the same technical and managerial areas, to be trained on the job by the external assistance so as to be able to assume full responsibility at the end of the project.

c. **Support to ARECA and INTERCOTON for the implementation of project activities.** The sub-component will be managed by INTERCOTON under an agreement (*Maîtrise d'ouvrage déléguée*) signed with the PCU established within the Ministry of Agriculture, and with the Technical Assistance of ARECA. The latter will ensured that contracts issued by INTERCOTON under the project comply with its mandate and missions. The Project Steering Committee will review and adopt INTERCOTON's annual work plans, budgets and procurement plans for each of the component's activities, as well as quarterly project implementation status and monitoring reports. This will ensure accountability of INTERCOTON's activities under the project before the Government, as well as their alignment and consistency with the PNIA.

29. INTERCOTON will establish a specific project implementation unit headed by its Executive Secretariat and adequately staffed. Once adequately equipped, one twelve to eighteen months following project effectiveness, the Executive Secretariat/Unit will be responsible for implementation the project's cotton activities, under supervision and guidance of ARECA and INTERCOTON's Board, which represents both the producers (AFFICOTCI) and the ginners (APROCOTCI). With the project's support, the unit will be staffed with specialists in rural road maintenance, agricultural service, animal traction; and producer organizations who will be responsible for the day-to-day management of component's respective activities under the Executive Secretariat leadership:

- The planning, funding and supervision of rural road activities (to be carried out by AGEROUTE and/or private contractors), under the responsibility and supervision of the Committee established for this purpose) under the convention signed between the PCU and INTERCOTON on one hand, and the *maîtrise d'ouvrage déléguée* convention signed between PCU and AGEROUTE on the other hand;
- The coordination and supervision of agricultural extension activities will be managed by FIRCA on behalf of INTERCOTON;
- The management of animal traction activities including notably: (i) the selection of producers eligible for the matching grants and the management of the "Equipment Fund"; (ii) the coordination of necessary procurement activities and (iii) the technical support to beneficiaries to be provided by specialized operators selected under contract through FIRCA. These operators will also be responsible for implementing the tse-tse control activities, under the technical supervision of the relevant services of the Ministry of Animal Resources.

30. INTERCOTON will establish and operate an M&E system covering all activities under the component. The project will fund: (i) the necessary external assistance for its design and set up, and on demand support; (ii) the recruitment of a full time staff to manage M&E in collaboration with the overall M&E system operated by the Project's PCU; (iii) the operating costs of the M&E system and (iv) external evaluation at project mid-term and at project closing.

**Component activities in the Cashew sector (Total: US$ 18.98 million; IDA: US$ 9.00m; AFD: US$ 4.05m)**

31. The component will be implemented in the regions of Hambol, Gbeke and Gontougo. As in other areas of concentration, the design of the "Cashew" component will adopt an integrated approach, providing support to each link in the value chain for improving performance at all levels in a coordinated way. The component's total cost will be about US$19million of which US$ 9.00 million from IDA financing. It will include four sub-components:

- Improved market access (US$13.5million of which US$4.6million IDAand US$6.0million, AFD): (i) rehabilitation and maintenance of a priority network of roads serving major production areas, and (ii) improving the producers' access to information on markets and prices. These two activities will imply additional levies for a cost of less than 2CFAF/Kg as a contribution of the value chain to the project;

- Improved productivity and product quality (US$1.9 milliontosupport for the research and agricultural extension services. The value chain already contributes financially to these activities through the levy system for FIRCA;
- Promotion of local processing (US$2.3 million) to support industrial units and small community units, and
- Institutional Development (US$1.2 million) to support to cooperatives and inter-professional bodies, and capacity building to public institutions in connection with the cashew development.

32. Component activities will be largely targeted to organized producers groups (cooperatives or village groups) identified as viable/potentially viable through a thorough review conducted at the start of implementation. The component activities will be closely coordinated with ongoing programs at the national level and in the project area. Contribution from the value chain will take place through ARECA, considering that there is no operational inter-profession. Confirmation of this contribution will materialize through the convention between PCU and ARECA for support to the overall management of sub-components 3-1b, 3-4 and 3-5 as described below.

**Table 10: Costs by subcomponent and activities for Component 3-Cashew (US$million)**

| **Subcomponent** | | **Total Cost** | **IDA** | **AFD** | **ARECA & Beneficiaries** |
|---|---|---|---|---|---|
| Access to Markets : Feeder roads | | 9.60 | 2.35 | 4.05 | 3.20 |
| Access to markets: Market information syst. | | 2.00 | 1.50 | - | 0.50 |
| Productivity | Research & Extension services | 1.98 | 1.50 | - | 0.48 |
| | Processing | 2.80 | 1.80 | - | 1.00 |
| Institutional Development | Restructuring cooperatives | 1.55 | 1.35 | - | 0.20 |
| | Reestablish the inter-profession | 1.05 | 0.50 | - | 0.55 |
| **Total** | | **18.98** | **9.00** | **4.05** | **5.93** |

(i) *Subcomponent 3-1.b. Market Access:* The subcomponent will include two activities: the maintenance of priority rural roads and (ii) the scaling up of market information systems.

a. **Rehabilitation and maintenance of rural roads**. The PSAC will implement a program of rehabilitation and maintenance of rural roads linking major priority production areas to markets. The program will pilot the mechanism proposed by the new national strategy for road maintenance (in preparation), which includes a partnership between the State and private operators (Inter-professional bodies) for the selection of priority roads for rehabilitation/maintenance and the parallel co-financing of these activities. The priority roads will be jointly identified annually by AGEROUTE and ARECA (the cashew inter-professional body). A priority network of (gravel) roads of 4,000 km has been identified in the project target region for treatment during the project period. ARECA has approved a contribution of CFAF 1.0 billion per year, or CFAF 4.0 billion over the project period, for this program. With "matching" of 2: 1 from the PSAC, available resources will be therefore around CFAF 12 billion for the four years of the project (of which CFAF 5.0 billion (US$10 million). Amount available under the project could help rehabilitate about 360 km and maintain around 680 km of priority roads under the project, of which 130km rehabilitated and 390km maintained under IDA financing, and 225km and 675 km under AFD financing respectively. As ARECA has no capability for carrying out rural road rehabilitation activities, AGEROUTE will be responsible for implementing this program under a delegated management contract (*maitrise d'ouvrage déléguée*) to be signed with the PCU.

b. ***Extension of markets and prices information system.*** A pilot MIS was initiated in 2009 in selected production areas by two NGOs, RONGEAD and INADES, with funding from AFD and the European Union, respectively. The project consists of (i) the collection, processing and dissemination of price/market information and (ii) training sessions and advice to farmers on market dynamics and trade strategies. The project has reached more than 9,000 producers and it is estimated that it allowed producers to obtain an additional gain of about 13 FCFA/ kg of raw nuts sold (about 5% premium above the national average farm-gate price). The PSAC will scale up the coverage of this MIS to its entire target region (Hambol, Gbeke and Gontougo), in close coordination with similar activities financed by AFD (until end-2014) in part of this region. Project activities will include: (i) the collection, analysis and dissemination of market information to producers in real time (via relay farmers, sms, local radio, internet), to provide them with all relevant information on market situation and projected evolution, selling strategies and risk management; (ii) training of farmers about quality aspects, selling strategies, negotiations and contractual arrangements with buyers /exporters, and (iii) monitoring and evaluation of impacts on farm gate prices and the living standards of participants. About 30,000 producers will be covered under the scheme (10% of total number of cashew producers). These activities will be implemented through an implementation team including 15 regional coordinators and trainers and 300 relay producers.

(ii) *Sub-component 3-3. Improving cashew productivity:* The sub-component will support: (i) research programs to develop and multiply improved planting material (large nuts and high yielding varieties); and (ii) extend good agricultural and post-harvest practices. These activities will be co-financed with the value chain through ARECA/FIRCA.

a. **Research:** A research project has been launched since 2009 ("Improvement of cashew varieties"), funded through the FIRCA and executed by the CNRA, aiming at the identification of high-yielding trees and their multiplication through grafting in nurseries in three regions (Savannah, Denguélé and Zanzan). In parallel, the African Cashew Initiative (ACI, with funding from Melinda & Bill Gates Foundation) has also implemented adaptive research activities for identifying high yielding trees. The PSAC will continue and expand these research programs by supporting the following activities: (i) continuation of the research of high performing trees to be tested, referenced and used for multiplication, (ii) creation of at least 3 other experimental multiplication sites and establishment of at least 6 private nurseries in the project area; (iii) testing of highly productive varieties from other countries (India, Vietnam, Brazil, Tanzania) to accelerate the introduction of new planting material; and (iv) capacity building of CNRA through a twinning arrangement with a suitable research partner, with proven track records in cashew technology development, such as EMBRAPA in Brazil.

b. **Agricultural Extension**: A pilot extension program was recently initiated (2012) funded through FIRCA and executed by the ANADER in the regions of Korhogo, Bouaflé and Bondoukou to help producers with the improvement of the quality of cashew nuts. The sub-component will support the scaling up of this extension program to the entire project area and focus on the training of farmers in good agricultural practices and quality management, including post-harvest aspects. Agricultural advice will be provided by ANADER and/or other suitable service providers (NGOs) selected on a competitive basis, through genuine/cohesive cooperatives and/or producer groups (identified and evaluated as such, see sub-component 4 "institutional strengthening" below). The PSAC will also support the establishment of three to five small laboratories for testing the quality of nuts to allow cooperatives to be in a good bargaining position when selling their production.

(iii) *Sub-component 3-4. Support to domestic processing:* There are currently three large processing plants producing for export (Olam in Daoukro and Bouake with a processing capacity of 40,000 tons/year; and SITA in Odienne, with 2,500 tons/year), and few small processing units that are mainly producing for the local market and/or exporting very small quantities under "Fair Trade" partnerships. In 2012, processed production amounted to about 20,000 tons of raw nuts or 5% of total production. The government's objective is to rapidly develop domestic processing up to 50% of total production by year 2020, to increase domestic value added in the sector and create jobs in rural areas. Its strategy includes incentives to investors for increasing the competitiveness of the domestic processing industry. The PSAC will support the development of medium-sized industrial units (2,000-3,000 tons/year), competitive in the international market and well suited to domestic investors, by providing assistance (technical feasibility studies, including environmental and social impacts studies, preparation of business plans and identification of potential buyers, design export strategy, selection and installation of equipment, training of labor force, certification, etc.) for the installation of new units or the upgrading of existing ones with new equipment and processes, improved financial and accounting systems, marketing strategy, staff training, certification, etc.). This assistance will allow investors a better access to credit by reducing the perceived risk by financial institutions. The assistance will be provided by a service provider with recognized international experience, recruited competitively. IFC will assist the project in identifying and selecting such services providers. The cost of this assistance will be financed through a cost sharing mechanism (50% by the investors themselves and 50% by the project).

(iv) *Sub-Component 3-5. Institutional Development for the cashew sector:* Currently, only few producers belong to producer organizations that are actually functioning (less than 5%). Operational producer organizations are essentially involved only in the collection and sale of members' production and provide no other services. They lack adequate means of storage and their low technical and management skills put them in a weak position in negotiations with buyers. Project support will focus on supporting the Government to re-establish the inter-profession with a focus on organization of cashew producers through structuring and strengthening cooperatives/producer groups in the project area to enhance their legitimacy (representativeness and governance) and their skills in primary collection and trading of cashew nuts through the following activities: (i) identification, selection and diagnosis of cooperatives considered legitimate and potentially viable; (ii) preparation and implementation for each of these cooperatives of a comprehensive restructuring and capacity-building plan (legal status, financial management, improving collection/storage and marketing activities), including training and small equipment; (iii) geo-referencing of members' farms and establishment of a traceability system. It will also focus on piloting a new primary collection and financing approach with 2 cooperatives to improve their marketing of cashew nuts. The Bank team will explore possibilities of technical assistance from IFC in this area. Similar to INTERCOTON, it will also support  the cashew inter-profession once re-established, in the area of technical, fiduciary and M&E expertise.

33. Project will also support, under Component 4, the MINAGRI's Department of Producer Organizations (DOPA) as well as the Cotton and Cashew Sector Regulatory agency (ARECA) to provide technical assistance and supervise the implementation of the activities by INTERCOTON, and to implement cashew related activities. Such support will consist of consultant services for studies, training workshop, field missions and associated marginal equipment and operating costs.

### D. Component 4 - Project implementation and support to sector coordination (US$14.45 million; IDA: US$8 million; AFD; US$1.45million)

34. This component aims to ensure proper coordination of PIAs and sound management of project activities, while supporting the MINAGRI for the overall coordination of the NAIP Programs.

(i) *Subcomponent 4.1. Project coordination, management and M&E*: Project will covers costs related to:

a. Staffing, equipment and operating costs of the Project Coordination Unit. The PCU will comprise a core team hired under a competitive basis and composed of a coordinator, a technical and operations manager, a financial management specialist, an internal auditor, two procurement specialists, a gender and social inclusion specialist, an environment specialist and an M&E specialist. The PCU will benefit from a technical team of focal points appointed in the national and regional directorates of MINAGRI and under the supervision of the General Director in charge of projects, whose role will be to ease project implementation through systematical review of periodic reports and briefing notes to MINAGRI, to the Steering Committee and the NAIP Technical Secretariat, facilitate review of programming and implementation documents and speed up decision-making process. The Government will allocate counterpart funds for proper functioning of the technical team.

b. Project planning and internal M&E: the project will cover consultant fees, studies, workshops and operating costs for the preparation, with PIAs and relevant stakeholders, of annual work program budgets and periodic implementation status reports, completion of technical and financial audits, as well as project impact evaluation study.

c. Environmental and Social Safeguards Management: implementation and follow-up of environmental and social safeguards' instruments (ESMF, PMP, RPF), notably with the preparation of environmental and social impact studies (EIES), resettlement plans, as well as follow-up and supervision of their implementation.

d. Completion and implementation of a communication plan, including a Grievance Redress Mechanism on project activities.

(ii) *Subcomponent 4.2. Support to sector coordination*: The project will provide support to the Ministry of Agriculture to develop strategies and policy frameworks to adequately coordinate and the implement the NAIP. Specific activities will include:

a. Support to national strategies, including preparation of a participatory strategy for the rehabilitation and maintenance of rural roads drawing from project pilot activities with the inter-professions and in collaboration with the Ministry of Economic Infrastructure and the finalization and support to implementation follow-up of the 7th Rubber Plan and the 3rd Oil Palm Plan;
b. Design of a public expenditure management framework (a sector Medium term expenditure framework, or a sector budget tracking system), based on the conclusion and recommendation of the ongoing Agriculture sector Public expenditure review with the Bank technical assistance;
c. Design of a compliance strategy of producer organizations in view of Ordinance 2011-473 and the new OHADA provisions on cooperatives. Support will also include set up of a periodic evaluation mechanism of agricultural cooperatives and strengthening of concerned MINAGRI directorates, notably the Directorate of Agricultural Producer Organizations for implementation
d. Support to the set-up of NAIP Steering and Coordination bodies (Steering Committee and Technical Secretariat) through: equipment, TA for conducting strategic and prospective studies, performing external M&E of programs and public and private projects to build on experiences so as to ensure appropriate alignment of Government and donor-funded operations, as well as PPP projects in the agricultural sector, with NAIP programs. The project will also support operating costs to the NAIP Technical Secretariat for a period of two years, while waiting State budget to cover full cost starting in year 3.

## Table 11: Project Financing Plan

| Components/Activities | GVT | Financiers IDA | AFD | Conseil Café-Cacao | Oil palm sector | Rubber sector | Cash-ew sector | Cotton sector | Benefi-ciairies | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| **A. Component 1- Promoting Public-private partnership for sustainable cocoa development in Southwest Côte d'Ivoire** | | | | | | | | | | | |
| **1 – Improving farmers access to markets** | | | | | | | | | | | |
| a : Rehabilitation and maintenance of feeder roads | | 1.27 | 3.83 | 3.29 | | | | | | **8.39** | |
| b : Parallel co-financing of socio-economic subprojects | | 3.50 | | 2.55 | | | | | 1.75 | **7.80** | |
| | | | | | | | | | | | |
| **2 – Support to sustainable cocoa productivity** | | | | | | | | | | | |
| a : Training of farmers in Good Agricultural Practices (GAP) | | 0.50 | | 0.50 | | | | | | **1.00** | |
| b : Enhancing disease control system | | 0.50 | | 0.50 | | | | | | **1.00** | |
| c : Increase access to improved planting materials | | 1.90 | | 1.90 | | | | | | **3.80** | |
| d : Design of market-based funding mechanism | | 0.15 | | 0.10 | | | | | | **0.05** | |
| | | | | | | | | | | | |
| **3 – Capacity building and institutional enhancement** | | | | | | | | | | | |
| a : Support to the PPPP Technical Secretariat | | 0.50 | | 0.25 | | | | | | **0.75** | |
| b : Finalization of the cocoa farmers census and support to the PPP M&E systems | | 1.25 | | 1.25 | | | | | | **2.5** | |
| c : Support to structuring and development of farmers' cooperatives | | 0.48 | | 0.46 | | | | | | **0.94** | |
| **Subtotal** | | **10.00** | **3.83** | **10.75** | | | | | **1.75** | **26.33** | **17.5 %** |

| Components/Activities | GVT | Financiers | | | | | | | | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | IDA | AFD | Conseil Café-Cacao | Oil palm sector | Rubber sector | Cash-ew sector | Cotton sector | Benefi-ciairies | | |
| **B. Component 2- Support to the expansion and renewal of smallholder plantations of oil palm and rubber in Southeast Côte d'Ivoire** | | | | | | | | | | | |
| **B1 – Oil palm sector** | | | | | | | | | | | |
| **1 – Improving access to markets for smallholders in oil palm producing areas** | | | | | | | | | | | |
| Rehabilitation and maintenance of feeder roads | | 4.40 | 1.93 | | 3.20 | | | | | **9.53** | |
| **2 – Enhancing productivity through access to improved planting material for smallholders in the oil palm sector** | | | | | | | | | | | |
| a : Matching grants to support the production and distribution of improved planting kits | | 2.50 | | | 1.00 | | | | 0.90 | **4.40** | |
| b : Pilot operation for cooperative management and planning toolkits | | 1.50 | | | | | | | 0.50 | **2.00** | |
| **3 – Structuring of farmers' organizations and support to sector's institutional development** | | | | | | | | | | | |
| a : Strengthening capacity of inter-professional organizations | | 1.00 | | | 0.60 | | | | | **1.60** | |
| **B2 – Rubber Sector** | | | | | | | | | | | |
| **1 – Improving access to markets for smallholders in rubber producing areas** | | | | | | | | | | | |
| Rehabilitation and maintenance of feeder roads | | 1.2 | 1.93 | | | 1.60 | | | | **4.73** | |
| **2 - Enhancing productivity through access to improved planting material for smallholders in rubber sector** | | | | | | | | | | | |
| a : Support to individual nurseries and small holder access to improved planting material (Matching grants) | | 3.30 | | | | 0.40 | | | 0.40 | **4.10** | |
| b : Support to community nurseries and small holder access to improved planting material (Matching grants) | | 1.60 | | | | 1.00 | | | | **2.60** | |
| **3 - Structuring of farmers' organizations and support to sector's institutional development** | | | | | | | | | | | |
| Strengthening AIPH/FHD capacity and support to rubber cooperatives | | 0.50 | | | | 0.20 | | | | **0.70** | |
| **Subtotal** | | **16.00** | **3.86** | | **4.80** | **3.20** | | | **1.80** | **29.66** | **19.7%** |

| Components/Activities | GVT | Financiers | | | | | | | | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | IDA | AFD | Conseil Café-Cacao | Oil palm sector | Rubber sector | Cash-ew sector | Cotton sector | Benefi-ciairies | | |
| **C. Support to the cotton sector and promotion of cashew processing in Central and Northern Côte d'Ivoire** | | | | | | | | | | | |
| ***C1 – Cashew Sector*** | | ***9.00*** | ***4.05*** | | | | ***4.30*** | | ***1.63*** | ***18.98*** | |
| **1 – Improving access to markets in cashew producing regions** | | | | | | | | | | | |
| a : Rehabilitation and maintenance of feeder roads | | 2.35 | 4.05 | | | | 3.2 | | | **9.6** | |
| b : Extension of markets and prices information system | | 1.50 | | | | | 0.20 | | | **1.70** | |
| **2 – Improving cashew productivity** | | | | | | | | | | | |
| Support to research and extension service and training programs | | 1.50 | | | | | 0.50 | | | **2.00** | |
| **3 – Support to domestic processing** | | | | | | | | | | | |
| a: Seminars and Workshop and communication | | 0.17 | | | | | | | | **0.17** | |
| b : Matching grants | | 1.63 | | | | | | | 1.63 | **3.26** | |
| **-4 – Institutional Development** | | | | | | | | | | | |
| a : Support to capacity building for farmers' organizations | | 1.35 | | | | | 0.2 | | | **1.55** | |
| b: Support to re-establish the inter-professional association | | 0.5 | | | | | 0.2 | | | **0.7** | |
| ***C2 – Cotton Sector*** | | ***7.00*** | ***23.21*** | | | | | ***21.56*** | ***9.61*** | ***61.38*** | |
| **1 – Improving access to markets in cotton producing regions** | | | | | | | | | | | |
| Rehabilitation and maintenance of feeder roads | | 3.35 | 5.76 | | | | | 4.18 | | **13.29** | |
| **2 – Improving agricultural productivity in cotton-based production systems** | | | | | | | | | | | |
| a : Support to the provision of agricultural research and extension services | | 0.65 | 4.84 | | | | | 16.88 | | **22.37** | |
| b : Support the Cotton Equipment Fund | | 1 | 9.61 | | | | | | 9.61 | **21.22** | |
| **C2-3 – Institutional Development** | | | | | | | | | | | |
| a : Support to capacity building for farmers' cooperatives | | 1.50 | 2.20 | | | | | 0.30 | | **4.00** | |
| b : Support to INTERCOTON | | 0.50 | 0.8 | | | | | 0.2 | | **1.50** | |
| **Subtotal** | | **16.00** | **27.26** | | | | **5.93** | **19.17** | **12.00** | **80.36** | **53.2%** |

| Components/Activities | GVT | Financiers | | | | | | | | Total | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | IDA | AFD | Conseil Café-Cacao | Oil palm sector | Rubber sector | Cash-ew sector | Cotton sector | Benefi-ciairies | | |
| **D. Project Implementation and Support to Sector Coordination** | | | | | | | | | | | |
| **D1 – Project Implementation** | | | | | | | | | | | |
| Coordination and management | 4.10 | 4.87 | 0.82 | | | | | | | **9.79** | |
| | | | | | | | | | | | |
| **D2 – Support to Sector Coordination** | | | | | | | | | | | |
| Support to development of strategies and policy framework and NAIP Steering Committee and Technical Secretariat | 0.90 | 3.13 | 0.63 | | | | | | | **4.66** | |
| **Subtotal** | **5.00** | **8.00** | **1.45** | | | | | | | **14.45** | **9.6%** |
| **TOTAL PROJECT COSTS** | **5.00** | **50.00** | **36.40** | **10.75** | **5.30** | **2.60** | **5.93** | **19.17** | **15.65** | **150.80** | **100%** |

**Table 12: Summary of the roads rehabilitation and maintenance program per components and financiers (kilometers)**

| COMPONENTS | Rehabilitation | | TOTAL REHAB. | Maintenance | | Total Mainten. | TOTAL rehab.& maint. | Of which wih IDA financing |
|---|---|---|---|---|---|---|---|---|
| | IDA | AFD | | IDA | AFD | | | |
| ***Component 1 cacao*** | 79.6 | 160.4 | 240.0 | 238.7 | 481.3 | 720.0 | 960.0 | 318.3 |
| Oil Palm | 208.5 | 91.5 | 300.0 | 625.6 | 274.4 | 900.0 | 1,200.0 | 834.1 |
| Rubber | 57.5 | 92.5 | 150.0 | 172.5 | 277.5 | 450.0 | 600.0 | 230.0 |
| ***Total Component 2*** | 266.4 | 183.6 | 450.0 | 799.2 | 550.8 | 1,350.0 | 1,800.0 | 1,065.5 |
| Cotton | 154.4 | 265.6 | 420.0 | 463.3 | 796.7 | 1,260.0 | 1,680.0 | 617.8 |
| Cashew | 131.3 | 225.7 | 357.0 | 393.8 | 677.2 | 1,071.0 | 1,428.0 | 525.1 |
| ***Total Component 3*** | 285.7 | 491.3 | 777.0 | 857.2 | 1,473.8 | 2,331.0 | 3,108.0 | 1,142.9 |
| **Total PROJET** | 631.7 | 835.3 | 1,467.0 | 1,895.1 | 2,505.9 | 4,401.0 | 5,868.0 | 2,526.8 |

**Table 13: Snapshot on project targeted supply chains**[12]

| Supply Chains (Source, date) | Areas planted | Average Size of village farms | Yield. t/ha | Production (of which from out-growers) | % of Aging estates | Number of farmers involved | Numbers of Agribusiness companies | Exiting processing capacity/year | potential Growth (%) through 2020 |
|---|---|---|---|---|---|---|---|---|---|
| **Cocoa** (WCF, WB, 2011) | 4.5 Mn Ha (100% small and medium size farms) | Less than 4 hectares on average (no industrial states) | Less than 500 Kg/ha | 1,300,000 mt (100%) | >30% | 800,000 (about 17% belong to associations) | 7 global trading companies with grinding units of more than 50,000 tons | 500,000 tons | 2% |
| Oil Palm (AIPH & WB, 2011) | 230,000 ha (73% by out-growers) | 10 hectares or less (about 50% of non-industrial states) | 11 T/ha ind. 6 t/ha farmers (against 30 and 15 in Asia) | 1800,000 mt (65%), equiv. of 400,000 mt of crude oil | 60% in average (farmers less than 5%) | 36,500 (with 30 cooperatives grouped in one apex association FENACOPAHCI | 18 units (9 belonging to the single largest company) for primary processing with more than 5% of total outputs, > 30 Small processing units, + secondary and tertiary processing segment | 500.000 tons | 10% |
| **Rubber** ( WB APROMAC, 2021) | 364,000 ha (85% by out-growers) | Less than 10hectares (Medium estates amounting more than 10 and up to 300 ha) | 2,400 kg/ha ind. 1,675 kh/ha vill. (wet) Both higher than world average yields. | 240,000 mt (75%) | Relatively young: 73% of Industrial and 34% of out grower plantations are in production stage. | 100,000 planters; Farmers are grouped into two apex associations (APROCANCI and OPUN) | 7 companies with 18 units including 15 units for primary processing, and 3 units for production of latex. | 360,000 tons | 10% (10% without new plantation) |
| **Cotton** (WB. INTERCOCON, 2012) | 350,000 ha | Less than 3 ha on average | 1,000kg/ha | 350,000 | N/A (annual crop) | 104,000 (364 cooperatives grouped in 24 apex associations) | 6 ginning companies with 14 processing units | 600,000 tons | 15% |
| **Cashew** (WB,ARECA, 2012) | 750,000 | 5ha | 600kg/ha | 450,000 mt (400,000 mt exported) | Young with more than 75% of the orchards with less than 25-year old. | 250,000 | 12 processing units (including 3 industrial plants belonging to 2 companies); and 18 licensed exporters | 50,000 tons | 10% |

[12] Data are from The Country Economic Memorandum and background notes on agricultural subsectors (The Word Bank, November, 2011), and updated as relevant from other sources mentioned in the table.

**Annex 3: Implementation Arrangements**

**COTE D'IVOIRE: Agriculture Sector Support Project**

# I. Institutional analysis and Project administration mechanisms

1. A stakeholder mapping and institutional analysis was carried out during a preparation mission in April 2012 and further refined during the pre-appraisal mission in June 2012 along with the assessment of the implementing agencies. The results of the analyses were discussed and validated by project stakeholders and agreed on with the Government authorities at the end of the pre-appraisal mission. This Annex summarizes agreements reached regarding Project administration mechanism and implementation arrangements.

## I. Stakeholder mapping

2. Stakeholders along the Project targeted value chains are numerous, with a wide range of legal status. They are clustered as follow:

3. At Government level, MINAGRI is the Government entity hosting the project as part of the country's National Agriculture Investment Program (NAIP). The preparation and implementation of the project involve the Ministry of Economy and Finance (MEF), lower level government bodies such as the agricultural research and extension system (composed of the Inter-professional Fund for Agricultural Research and Advisory services –FIRCA, the National Centre for Agricultural Research-CNRA, and the National Rural Development Support Agency-ANADER), the CONSEIL DU CAFÉ-CACAO, the National Environmental Development Agency (ANDE) and the Authority for Regulation of the Cotton and Cashew sectors (ARECA); the Road Management Agency (AGEROUTE), and the PCU within MINAGRI. While the role of the Ministries is overall orientation and supervision, quality control of project activities, lower level government bodies will play key role in project implementation, either as technical support partner to the PCU and/or to the Inter-professions.

4. Stakeholders at the meso-level are composed of the value-chains inter-professional associations, or inter-professions of the cotton sector (INTERCOTON), the rubber sector (APROMAC), the oil pam sector (AIPH). These associations involve private agribusiness companies and farmers representatives, and might be conferred state powers to regulate and implement development programs as per the Ordinance 473-2011. The cashew inter-profession no longer exists and will need to be re-established and strengthened. The CCC established in 2012 under the recent reforms of the sector can also be considered in this category of stakeholders, e.g. as an inter-profession. These inter-professions, along with the Conseil du Café-Cacao and AGEROUTE are PIAs excluding the cashew inter-profession for the reason mentioned right above.

5. Other project partners include: (a) private agribusiness companies in the targeted value chains such as Cargill, ADM, PALMCI, Ivory Cotton, OLAM, etc. They contribute to the financing of the project through the inter-profession's funds, and are implementing partners of project activities; (b) farmers and their associations (mostly farmers cooperatives) are end beneficiaries of project intervention, and will provide financial contribution either through the inter-profession's funds (for instance for road rehabilitation/ maintenance) or by paying partial cost of some activities (access to planting material, economic infrastructure or equipment, etc);

donor partners including the World Bank group, and the French Development Agency (AFD) who are for now the main financiers of the project.

6. Providers of goods and services are public entities (AGEROUTE, agencies of the agricultural research and extension system) private contractors, consulting firms or providers of goods to be contracted by the PCU, or the Inter-professions to deliver works, goods and services paid for under the project proceeds.

7. Project implementation is crafted around the existing institutional framework within the public and the private sector for cash crop development in Cote d'Ivoire. To ensure lasting results and sustainability, the project will use the financing mechanisms established within the inter-professions to implement its activities. Meanwhile, and following a capacity and risk assessments carried out during preparation, the project will support inter-professions to upgrade their operational and fiduciary procedures to comply with government and donor requirement, while improving their targeting mechanism for more inclusion of smallholders and gender in their programs, and better management of environmental and social issues. The following table provides a snapshot of existing value chains funding mechanism operating actually in Cote d'Ivoire.

**Table 14 : Value Chains Inter-professions and their funding mechanisms**

| Value Chain | Inter-professional bodies | Existence of private Funding Mechanism |
|---|---|---|
| Cocoa | CCC, as VC regulatory and development body, with exporters and processing companies, traders, and farmers sitting at the board along government representatives. | YES : FIMR and FIA |
| Rubber | APROMAC, composed of processing companies association –OPCN, and apex association of farmers cooperatives APROCANCI; farmers and nurseries | YES FDH (part of APROMAC), |
| Oil Palm | AIPH, composed of farmers cooperatives through their apex association FENACOPAH-CI, and processing companies at all levels through their guild –APROSAPCI. | YES- but not yet formally established |
| Cashew | farmers and processing companies, traders , ARECA as regulatory body | NO |
| Cotton | INTERCOTON, composed of Ginning companies and their associations (APROCOTCI) , and farmers, their cooperatives, and cooperatives apex association (AFFICOTCI); ARECA as regulatory body | NO, but contributing to FIRCA |
| Cross-sector /VC services | FIRCA - since it was created in 2003 mobilized about US$100m from contributing inter-professions (92%,) and from the Government budget (8%) | YES- only for agricultural research (19%) and advisory services, including extension services and training (75%), capacity building for producers associations (2%). |

## II. Implementation arrangements

8. **Project oversight and orientation**: A Project steering committee (PSC) will be established to oversee and provide guidance on project implementation, as approval instance of Project annual work plan and budget (AWPB) and of the annual implementation progress report. The PNIA steering committee could also play that role once formally established. The PSC will be chaired by the Minister of Agriculture or his representative, and composed of –but not limited to - representatives from the relevant ministries (in charges of agriculture, economy and finance,

planning, trade and SMEs, industry, environment, social development etc.), private sector (Chamber of commerce, Agro-Industry Unions/Associations etc.), selected representatives of civil society (universities, think tank, inter-professions, NGOs etc.).

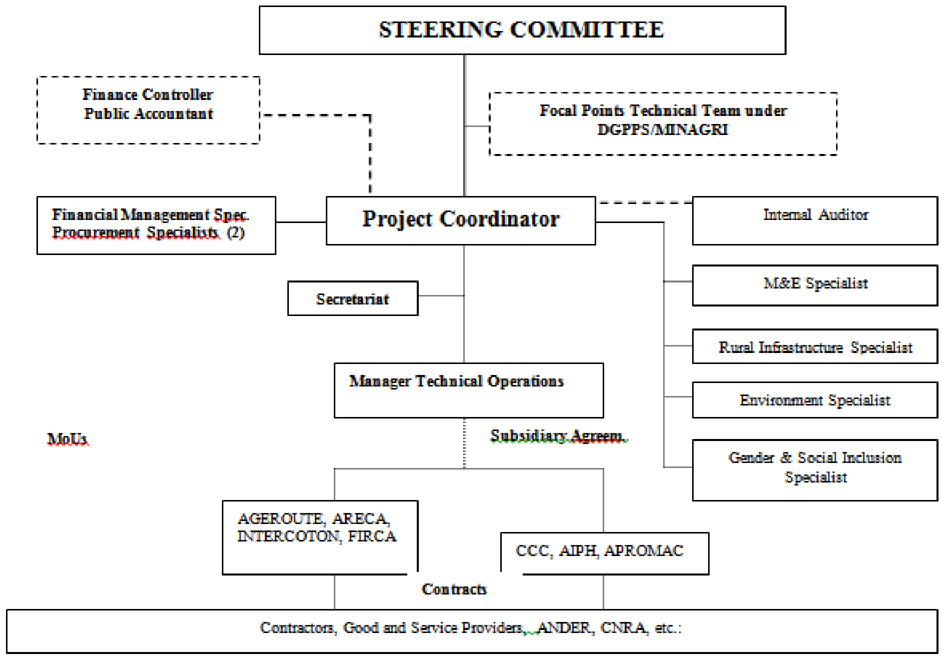
9. **Project Coordination**: The Project will be hosted within the MINAGRI by the Department of Planning and Projects Control and Statistics (DGGPS), which is the department in charge of the supervision and monitoring of projects and coordinating the NAIP. A PCU will be established with dedicated personnel to perform day to day functions, including: planning and budgeting of project activities, management of Project Agreements/Conventions, coordination of PIAs, financial management and procurement, technical supervision and quality control, gender and social inclusion, M&E, environmental and social safeguards.

10. A project coordinator will be hired on a competitive basis to ensure overall project management and coordination. He/she will report directly to the Director General of DGPPS who is responsible for the overall coordination of the NAIP programs, and will submit quarterly project progress report and IFRs to DGPPS for review before transmission to donor partners. This arrangement will ensure accountability of the PCU vis-à-vis the hosting Ministry, as well as sound alignment of project activities with the NAIP and the sector strategies. The Ministry of Economy and Finance will supplement the PCU with a public accountant (PA) and a finance controller (FC) as per the Instruction No.192. Other key staff will include (i) a responsible of technical operations (RTO), in charge of the overall technical quality control of project activities who will act as deputy coordinator; (ii) an internal auditor reporting directly to the PC; (iii) an FMS and a PS forming the fiduciary unit with the PA and the FC; (iv) an environment specialist, a gender and social inclusion specialist. They will also be in charge of safeguards, awareness and accountability; (v) an M&E specialist. All PCU staff, excluding the Public Accountant and the Finance Controller, will be recruited on a competitive basis, based on their qualification and experience. The MINAGRI has launched the selection process under the project preparation advance and is expected to be completed by project approval.

11. MINAGRI will designate 6 focal points (FPs) points including one for each of the three technical components at the National level (NFP), and one regional focal point (RFP) for each of the three regions of concentrations. The FPs will facilitate coordination with other projects involved in support of the subsectors, at national and regional level, and their alignment with the national policies and strategies. They will support the DGGPPS and the steering committee in reviewing periodic reports submitted by the PCU on implementation progress and the use of project funding. The Figure below presents the organogram of the PCU.

12. Regarding the management of social and environmental dimensions, the social scientist with a proven background on social, environment and community consultation will be in charge of gender and social inclusion under the Project. He/she will form with the environment specialist the social and environmental team (SET) within the PCU, to ensure proper handling of social and environmental aspects of this project. This SET will work collaboratively with the World Bank Safeguards team and will benefit from series of both formal training workshop and on-the field hand-on training on Bank safeguards operational policies.

**Figure 1 : PSAC – Organogram of the PCU**



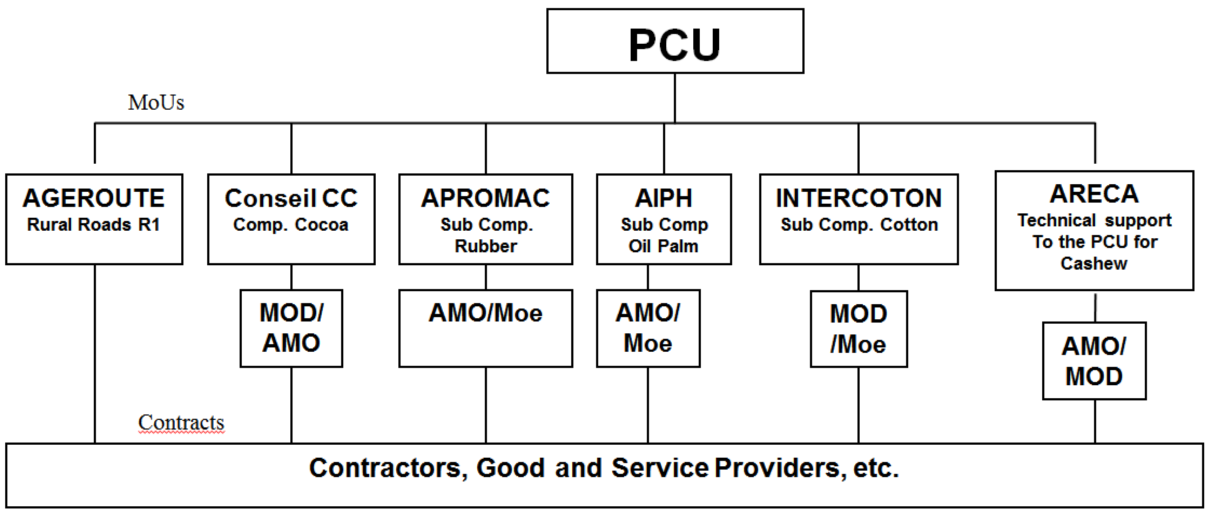

13. **Implementation of Project activities**: most of project activities under the technical components (i.e. Components 1, 2 and 3) will be implemented as much as possible through the inter-professions programs and funding mechanisms. For that, the PCU established within MINAGRI will sign Project Agreements/Conventions with: (i) the CONSEIL DU CAFÉ-CACAO, and the relevant inter-profession (i.e. INTERCOTON, AIPH and APROMAC) as Project implementing agencies (PIAs) of activities related to access to technologies and improvement of productivity, and part of activities related to feeders roads (lower level part of the networks) and institutional development (e.g. formalization of the inter-profession to comply with the Ordinance 2011-473); (ii) AGEROUTE, as PIA of the rural roads rehabilitation and maintenance program for higher level of the network (R1 and R2 segments with complex design and works beyond the technical and financial capacity of the Inter-professions; and (iii) ARECA and the Division of Agricultural Professional Organizations (DOPA) within MINAGRI, for technical support to the PCU for implementing the cashew subcomponent and for supervising the institutional development programs of the inter-professions, respectively. The Project Agreements/Conventions, to be signed before effectiveness, will identify component and subcomponents, or parts of them to be implemented by the PIA, expected outputs to be achieved by end of project, provisional cost and cost sharing, capacity to be mobilized and implementation plan. Activities and associated budget and results will be specified for each year as part of the project annual work planning and budgeting process, and subject to approval by the Project Steering Committee.

14. The Project Agreements/Conventions will be established in the form of performance-based contacts and will focus on results in terms of measurable outputs (as per the Result frameworks) and will identify necessary means to be mobilized and made available by each

party. Disbursements of Project funds will be linked to attainment of results and will follow the IFR cycle. The content of the Project Agreements/Conventions will be tailored to each implementing agencies and based on the result of the technical and fiduciary assessment by Bank task team of proposed implementing agencies (existing capacities in term of organization, governance, technical and financial capacity, transparency, etc.. to manage additional funding and be able to report adequately on the use of funds).

15. The PCU and the PIAs will enter into contract with contractors, suppliers of goods, and services providers, including consultants in accordance with Bank procurement guidelines, as specified in project manuals and in the annual procurement plan.

**Figure 2 : Organization for implementing Project's components**




**AMO : Assistance à Maîtrise d'Ouvrage**
**MOD : Maitrise d'Ouvrage Déléguée**
**Moe : Maîtrise d'Œuvre**

### Inter-professional value chains private mechanisms

16. Inter-professions in Cote d'Ivoire have established funding mechanisms called "Fonds des filieres". These funds are funding mechanism fed by contributions of key VC actors and determined by the Inter-profession through a value chain cost structure. Funds are used for investments on works, good and/or services that benefit the entire value chain. To date, none of such funds have legal status and are rather a mechanism for collecting financial contributions from constituents of VC inter-professions and for supporting priority development programs.

17. The CONSEIL DU CAFÉ-CACAO's Funds, namely the Rural Investment Fund (FIMR) and the Agricultural Investment Fund (FIA) operate differently as they are fed from levies on cocoa exports.

**Table 15- Implementing partners and source of funding per project component and activities**

| **Component /VC** | **Activities** | **Implementing partners** | **Source of funding** |
|---|---|---|---|
| Cocoa/<br>**CCC** | Infrastructures/Equipment<br>Planting material and services<br>Structuration Interprofession<br>Rural Roads | Companies/ Coopératives<br>FIRCA, ANADER, Companies,<br>Consultants<br>AGEROUTE | PSAC-IDA & FIMR, Cooperatives<br>PSAC-IDA & FIA<br>PSAC-IDA & CCC<br>PSAC-AFD & FIMR, |

| | | | |
|---|---|---|---|
| Rubber/<br>**APROMAC** | Planting material and services<br>Extension services<br>Institutional development<br>Rural Roads | APROMAC<br>FIRCA<br>Consultant<br>APROMAC / AGEROUTE | PSAC-IDA & FDH and farmers<br>FIRCA<br>PSAC-IDA – APROMAC, Coop.<br>PSAC- IDA/AFD – APROMAC |
| Oil palm/**AIPH** | Planting material and services<br>Pilot advisory services/coop<br><br>Institutional development<br>Rural Roads | FENACOPAH-CI<br>FENACOPAH-CI – Coopératives<br>FIRCA, consultant<br>DOPA, Consultant<br>AIPH et/ou AGEROUTE | PSAC –IDA & AIPH and coop.<br>PSAC – IDA & Coopératives<br><br>PSAC – AIPH<br>PSAC-IDA/AFD & AIPH |
| Cashew/<br>**PCU** | Market information system<br>Research and development<br>Advisory services<br>Institutional development<br>Rural Roads | ARECA-Consultant<br>FIRCA-CNRA<br>FIRCA-ANADER<br>ARECA, DOPA-Consultant<br>AGEROUTE / Consultant (Moe) | PSAC- IDA<br>PSAC-IDA<br>PSAC – IDA & FIRCA<br>PSAC-IDA<br>PSAC – ARECA |
| Coton/<br>**INTERCOTON** | Advisory services<br>Animal Traction<br>Institutional development<br>Rural roads | FIRCA<br>AFFICOTCI – Ginneries<br>Consultant<br>AGEROUTE / Consultant (Moe)[13] | PSAC-AFD & INTERCOTON<br>PSAC-IDA /AFD & Coopératives<br>PSAC- IDA and INTERCOTON<br>PSAC-IDA/AFD & INTERCOTON |

## II. Financial Management and Disbursements

18. The project development objective (PDO) of the PSAC is to improve productivity and access to markets for smallholder export crop farmers and strengthen the governance structure and institutional framework for the management of selected supply chains through the : (i) promotion of public-private partnership for sustainable cocoa development in the Nawa Region (South-West); (ii) support to smallholder rubber and oil palm extension in South-East Cote d'Ivoire; and (iii) revamping of the cotton sector and promotion of cashew processing in Central and Northern Cote d'Ivoire.

19. As part of project preparation phase of the PSAC, a financial management assessment was carried out in accordance with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010. The objective of the financial management assessment was to determine whether the financial management arrangements (a) are capable of correctly and completely record all transactions and balances relating to the project; (b) facilitate the preparation of regular, accurate, reliable and timely financial statements; (c) safeguard the project's entity assets; and (d) are subject to audit arrangements acceptable to the Bank.

20. Although the project implementation unit is not yet established due to country circumstances, the government and some Inter-Professions (Corporate guilds established and licensed by the Government with agreed operational and regulation procedures) have started preparatory activities (terms of reference, technical specifications, draft of implementation manual etc.) with the support of a Project Preparation Advance (PPA) managed by FIRCA (existing implementing entity in agriculture sector) and the availability of the retroactive financing option to be able to launch the activities implementation and recruitment processes as soon as the Board approves the financing. Therefore, and in order to meet the Bank's minimum requirements under OP/BP10.02, the financial management system will need to be supported by

[13] Moe: *Maître d'oeuvre* , i.e. a private consulting firmed selected to provide technical assistant to the Inter-professions on technical studies, and selecting and supervising contractors for their roads rehabilitation and maintenance programs.

the following measures: (i) strengthening the PCU with the recruitment of a financial management expert and providing him/her with fiduciary training and ensuring adequate staffing of the financial management unit; (ii) recruitment of an internal auditor to strengthen the internal control system; (iii) purchase and install a computerized accounting system in the coordination unit and (iv) establish a procedure manual for the better implementation of administrative and fiduciary procedures of the project. In addition, each of the Inter-Profession (APROMAC, AIPH, INTERCOTON) involved will set up a minimum fiduciary capacity with (i) the recruitment of a financial management expert; (ii) a procedures manual; and (iii) setting up of an information system. All these arrangements should work closely and in line with the FM arrangement set up at PCU level, so as to create a synergy of fiduciary arrangement with the project, the objective being to strengthen the governance structure and institutional framework for the management of selected supply chains. For others entities like CONSEIL DU CAFÉ-CACAO and AGEROUTE with established fiduciary capacity, the project will rely on the existing capacity with adequate improvements where required.

## III. Country issues

21. A Public Expenditure Management and Financial Accountability (PEMFA) review was undertaken in 2008 and the report concluded that although some improvement in Public Financial Management reform implementation, key risks and challenges remain and require improvement in area of: (i) quality and timeliness of in-year budget reports; (ii) stock and monitoring of expenditure payment arrears; (iii) effectiveness of internal audit; (iv) oversight of aggregate fiscal risk from other public sector entities; (v) effectiveness of measures for taxpayer registration and tax assessment; (vi) legislative scrutiny of external audit reports; and (vii) effectiveness of payroll controls.

22. In dialogue with external partners, the government showed commitment to implement the action plan resulting from the last PEMFA framework to track progress in strengthening public financial management and identifying areas where country fiduciary systems are not yet in line with international standards. A new assessment is scheduled for the first quarter of 2014 and will allow to measure progress since the last PFM assessment.

23. The use of the country system, notably the Treasury Department and the supreme audit institution (*Chambre des Comptes*), will be implemented progressively. In Côte d'Ivoire an Instruction No.192 has been taken by the Ministry of Finance to assign an MEF public accountant to each IDA-financed project and a financial controller in charge of the prior internal control of all payments related to the project. The project will be implemented according to this Instruction that aims to use the part of the Government FM system.

## IV. Risk Assessment and Mitigation Measures

24. The proposed FM arrangements were designed to ensure that funds are used for the purposes intended, information is produced on a timely basis for project management and government oversight, and the project is in compliance with Bank fiduciary requirements.

25. The main risks and mitigating measures of this project are listed in the ORAF table in Annex 4.

26. In view of the general country financial management issues and the issues peculiar to the PCU and the mitigation measures provided, the overall financial management risk rating for this project is Substantial.

27. **Strengths**. The financial management arrangements would be built on the experience gained from implementation of other IDA operations in Côte d'Ivoire and which will be strengthened by putting in place experienced staff familiar with donor financed project implementation.

Financial Covenants

| No. | Activity/Action | Target Completion | Responsibility |
|---|---|---|---|
| 1. | Recruit an experienced Financial Management Expert. | By effectiveness | PCU |
| 2 | Recruit an internal auditor | By effectiveness | PCU |
| 3 | Purchase and install a Project accounting software | 2 months after effectiveness | PCU |
| 4 | Recruit a Procurement Expert | By effectiveness | PCU |
| 5 | Adoption of an administrative, accounting and financial procedures manual | 2 months after effectiveness | PCU |

## V. Governance and anticorruption considerations

28. The country political situation has weakened the governance and affected the corruption environment. In the context of the project, the effective implementation of the fiduciary mitigation measures should contribute to strengthen the control environment. Also, appropriate representation in, and adequate oversight of the Steering Committee, transparency in implementations project activities, as well as sound communication to and with stakeholders and to the wider public, should constitute a strong starting point to tackle governance and corruption issues during project implementation.

## VI. Overall Fiduciary implementation Arrangements staffing.

29. The FM arrangements for the project would be handled by the PCU in collaboration with the DAF. The PCU would be responsible for coordinating and monitoring day-to-day project activities both at central and inter-profession level, including budgeting, disbursement, book keeping, reporting, supervision, management of the designated account, and auditing.

30. **Project's Accounting and Financial Software**. The current accounting standards in use in Cote d'Ivoire for on-going Bank-financed project will be applicable. SYSCOHADA is the assigned accounting system in West African Francophone countries. The PCU will purchase and install a computerized and integrated financial management system. This software will be tailored to the scale and nature of the program and can record and report program operations (by origin of funds, component, and activities) in a timely manner. The system should be multi-project, multi-location, multi-donor and include the following modules: general accounting, cost accounting, budgeting, assets management, contract management, preparation of withdrawal applications and tracking of disbursements by donors, reports generating, including quarterly interim financial reports (IFR), and semi-annual financial statements. It should allow the consolidation of data from the inter-profession system.

31. **Project Financial and Accounting Manual:** The PCU will establish a Financial and Accounting Procedures Manual that will include the fiduciary procedures of the proposed project. It will include a description of the financial management system and financial policies and procedures. It will contain: (i) the accounting system to be used (chart of accounts, budget coding, accounting standards); (ii) the main transactions cycles; (iii) internal control procedures; and (iv)a summary of the various operational procedures related to budget management (planning, execution and monitoring) and assets management, procurement of works, goods and services.

32. **Reporting. At least two sets of financial** reports will be prepared by the PCU. The quarterly Interim Financial Reports, as required by the Bank and the Annual Financial Statements (AFS) will include the project's consolidated financial statements (including the Inter-profession financial information). The quarterly IFRs will be prepared and submitted to the Bank 45 days after closing of each quarter. The IFRs will be based on formats developed in the Bank's Guidelines on Financial Monitoring Reports with some adjustments. The IFRs will include a table of Source and Use of Funds and also a table of Use of Funds by activities or by components. A copy of the Bank's Financial Monitoring Report Guidelines has been provided to the project team for reference.

33. **Internal Control and Internal Auditing**: The DAF does not currently have an internal audit unit in place. In Cote d'Ivoire, an Instruction No.192 has been taken by the Ministry of Finance to assign a MEF public accountant to each IDA-financed project and (ii) a financial controller in charge of the prior internal control of all payments related to the project. This arrangement, supported by the Bank, constitutes a strong internal control system within the project implementation units in Côte d'Ivoire. In addition to maintaining the same standard of internal control system in the portfolio given the country high risk rating, an internal auditor will be recruited before effectiveness to strengthen the internal control system of the project. The scope of mission of the internal auditor will also cover the fund managed by all involved stakeholders including the Inter-profession. Furthermore, the project's administrative and financial management procedures will provide a clear description of the approval and authorization processes in respect of the rule of segregation of duties. The Bank will pay attention to the adequacy of internal control during supervision missions.

34. **External Auditing:** The audit report should reflect all the activities of the financial management program and be submitted to IDA within six months after the end of each fiscal year. The selection of an external auditor of project financial statements should be presented to IDA for non-objection

35. Financial audits will be conducted yearly. Audits will be conducted by independent auditors acceptable to the Bank in accordance with international auditing standards. A specific opinion will be required on specific service delivery by inter-professions financed by the project. The auditor will also provide a management letter on the internal control procedures outlining recommendations for improving the control system, accounting, and financial procedures as a result of the audit. A technical audit will also be required every two year to measure project performance.

36. The audit reports that will be required to be submitted by the PCU and the due dates for submission are:

| *Audit Report* | *Due Date* |
|---|---|
| Institutional Financial statements i.e. the PCU annual audited financial statements (including Statements of Sources and Uses of Funds with appropriate notes and disclosures) Management | Submitted within **six** months after the end of each fiscal year. |

37. **Flow of Funds Arrangement:** The Project will open a Designated Account at the Central Bank of West African States (BCEAO), and one project account established in a commercial bank that will be managed by a the public accountant designated by the MEF. All these accounts will be managed in accordance with the Bank guidelines. In addition a sub-account will be opened for each inter-profession. Those subaccounts will be managed based on a joint signature of the inter-profession financial expert and its coordinator.

VII. **Disbursement Arrangements: Use of Statement of Expenditures (SOEs).**

38. **Disbursement Methods**. By effectiveness, the project will use the transaction-based disbursement procedures, i.e., advances to the Designated Account, direct payment, reimbursement, and special commitments. When project implementation begins, the quarterly IFRs produced by the PCU will be reviewed. If the reports are found to be well prepared and produced on a timely basis, and the Recipient requests conversion to report-based disbursements, a review will be undertaken to determine if the project is eligible for report-based disbursement.

39. **Minimum Value of Applications**: The minimum value of applications for reimbursement, direct payment and special commitment is 20% of outstanding advance made to the designated account.

40. **Reporting on Grant and Credit Proceeds**. The supporting documentation for reporting eligible expenditures paid from the designated account should be a summary report of the statement of expenditures and records evidencing eligible expenditures for payments against contracts valued US$500,000 or more for works, US$300,000 or more for goods, US$200,000 or more for consulting firms and US$50,000 or more for individual consultants and a list of payments against contracts that are subject to the Bank's prior review. The supporting documentation for requests for direct payment should be recorded evidencing eligible expenditures (copies of receipt, supplier's invoices, etc.). All supporting documentation for statement of expense will be retained at by the PCU and will be made available for review by periodic World Bank review missions, internal and external auditors.

41. **Designated Account**. A Designated Account will be opened at the Central Bank (BCEAO) and will be manage by the Department of Public Debt (*Direction de la Dette Publique - DDP*) in coordination with the PCU and the DAF. Also, one Project Account managed by the PCU will be opened in a commercial Bank acceptable to IDA.

42. **Monthly Replenishment Applications**. The designated account will be replenished through the submission of withdrawal applications on a monthly basis by the PCU account unit and will include reconciled bank statements and other documents as may be required until such time as the Recipient may choose to convert to report-based disbursement. The ceiling amount for the designated account will be set at CFAF 2.00 billion.

43. **Counterpart Funding**. Given the country financing parameter IDA fund will finance all expenditures at 100% including taxes. However, the government will provide fund to compensate addition cost relevant to civil servant intervention in the project. These contributions are also under the scope of auditors reviews.

44. **Disbursement by Category**. The table below sets out the expenditure categories and percentages to be financed out of the financing proceeds.

**Table 16IDA Disbursement Categories**

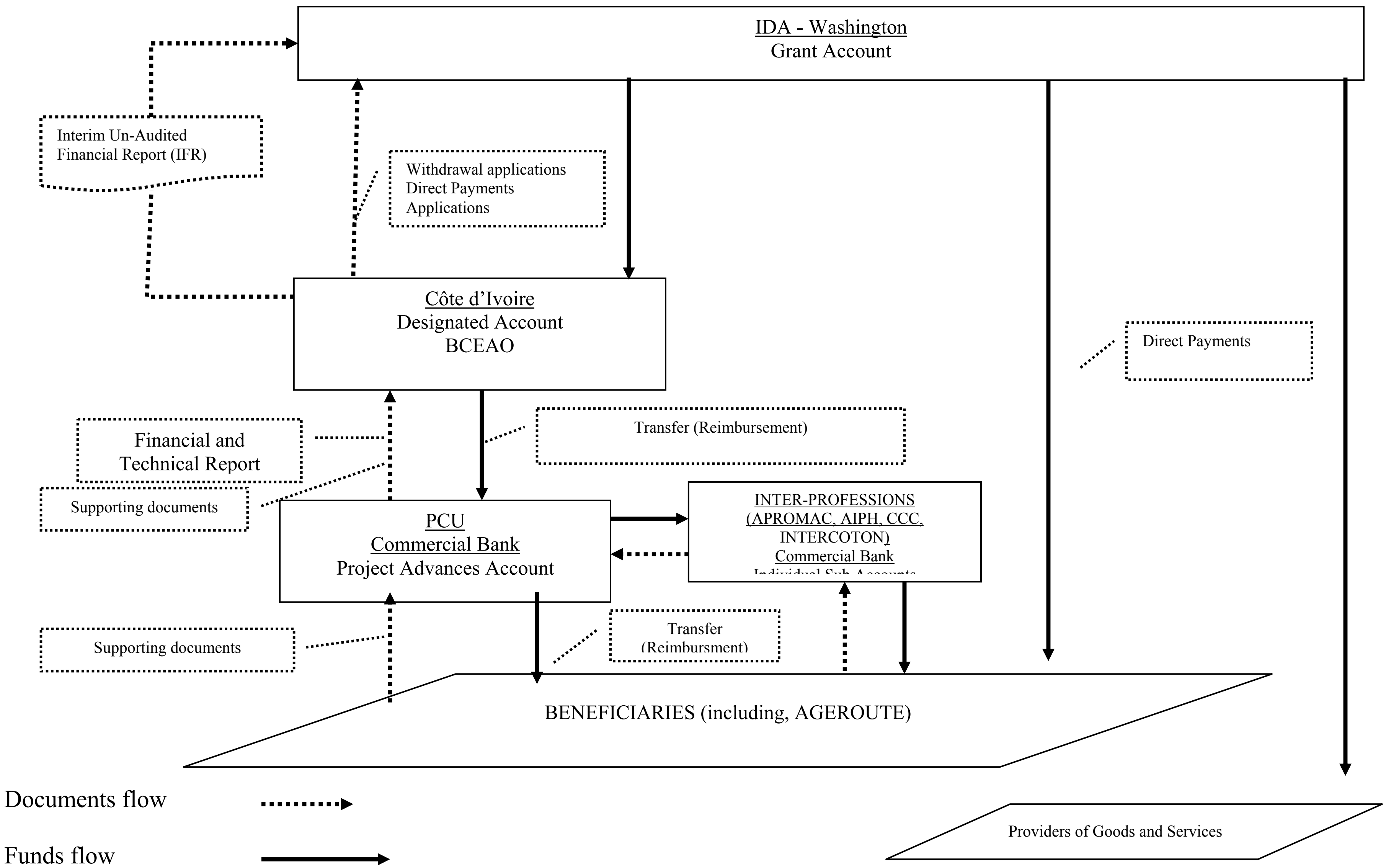
| **Category** | **Amount of the Financing Allocated (in US$)** | **Percentage of Expenditures to be Financed (inclusive of Taxes)** |
|---|---|---|
| **(1) Goods, works, non-consulting services, Training, consultants' services and eligible expenditures under Matching Grant Agreements for Parts A; B; and C of the Project for**<br>(a) Activity (a) under sub-component 1-1; Subcomponent 1-2 of the Project;<br>(b) Other matching grants under Components 2 and 3 of the Project. | <br>6,000,000<br>10,000,000 | <br>100%<br>100% |
| **(2) Goods, works, non-consulting services, Training, consultants' services and Operating Costs for Components 1, 2, 3 and 4 of the Project** | 33,400,000 | 100% |
| (3) Refund of Preparation Advance | 600,000 | 100% |
| **Total Amount** | 50,000,000 | |

45. **Implementation Support and Supervision Plan.** Based on the outcome of the financial management risk assessment, the following implementation support plan is proposed:

| **FM Activity** | **Frequency** |
|---|---|
| **Desk reviews** | |
| Interim financial reports review | Quarterly |
| Audit report review of the program | Annually |
| Review of other relevant information such as interim internal control systems reports. | Continuous as they become available |
| **On site visits** | |
| Review of overall operation of the FM system | Semester (Implementation Support Mission |
| Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports | As needed |
| Transaction reviews (if needed) | As needed |
| **Capacity building support** | |
| FM training sessions | Before Project starts and thereafter as needed |

46. The objective of the above implementation support plan is to keep the financial management system satisfactory throughout the project's life.

**Figure 3: flows of funds and information chart for IDA funding**



## III. Procurement

### General

47. Following the 2004 Country Procurement Assessment Report, a new Procurement Code (Decree N°2005-110 dated February 24, 2005), in line the West African Economic and Monetary Union's (WAEMU's) procurement Directives and international good practices, and key implementing regulations and documentation were adopted in 2006. A national procurement capacity building program exists and is being implemented at the central and decentralized entities level. An electronic system for collecting and disseminating procurement information and for monitoring procurement statistics has been set up and needs to be spread over all of the contracting authorities. However, persisting issues remain that affect transparency and efficiency of the national procurement system: (a) the National Procurement Code authorizes to re-bid automatically when at least three bids are not received; (b) the national standard bidding document for works indicates that bids whose prices are considered too low or too high may be rejected, and authorizes the use of point systems. In addition, the volatile socio-political situation due to the civil war does not guarantee an effective functioning of the system and also has considerably increased fraud and corrupt practices. The new government is trying to fight against this scourge by implementing certain mechanisms such as the code of ethics at the level of ministers and officials, but the results are not yet visible at this time.

48. **Guidelines:** In general, Côte d'Ivoire's procurement code and regulations do not conflict with IDA guidelines. However, provisions related to the use of point systems and re-bidding when at least three bids were not submitted will not be applied for national competitive bidding. Procurement for the proposed project will be carried out in accordance with the Bank's (i) ***"Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits*** *& Grants by World Bank Borrowers"* dated January 2011; (ii) ***"Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits*** *& Grants* ***by World Bank Borrowers"*** dated January 2011; (iii) ***"Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants",*** dated October 15, 2006, revised in January 2011; and the provisions stipulated in the Financing Agreement.

49. **Procurement Documents:** Procurement would be carried out using the Bank's Standard Bidding Documents (SBD) for all International Competitive Bidding (ICB) for goods and works and for Standard Request for Proposal (RFP) for the selection of consultants through competitive procedures. The Recipient will develop standard documents based on the Bank's SBDs for National Competitive Bidding (NCB) for goods and works and the Bank's RFP for the selection of consultants through methods other than Quality and Cost Based Selection (QCBS), with modifications that will be submitted to the IDA for prior approval.

50. The different procurement methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the procurement plan. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

51. **Advertising procedures :** General Procurement Notice, Specific Procurement Notices, Requests for Expression of Interest and results of the evaluation and contracts award should be

published in accordance with advertising provisions in the following guidelines: “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants” dated January 2011, and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011. The borrower will keep a list of received responses from potential bidders interested in the contracts.

52. For ICB and request for proposals that involve international consultants, the contract awards shall be published in the United Nations Development Business (UNDB) online within two weeks of receiving IDA’s "no objection" to the recommendation of contract award. For goods, the information to publish shall specify: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. For consultants, the following information must be published: (a) names of all consultants who submitted proposals; (b) technical points assigned to each consultant; (c) evaluated prices of each consultant; (d) final point ranking of the consultants; and (e) name of the winning consultant and the price, duration, and summary scope of the contract. The same information will be sent to all consultants who submitted proposals. The other contracts should be published in national gazette periodically (at least, quarterly) and in the format of a summarized table covering the previous period with the following information: (a) name of the consultant to whom the contract was awarded; (b) the price; (c) duration; and (d) scope of the contract.

**Procurement methods**

53. **Procurement of Works**. The works to be financed by IDA include the followings: rehabilitation and maintenance of rural roads at all levels up to the connection with the national networks; construction and rehabilitation of storage and light processing of agriculture produces, construction and rehabilitation of boreholes; rehabilitation and extension of seed and clonal gardens in agricultural research stations; and social infrastructure such as women center; health and education facilities for participating cooperatives. Contracts of works estimated to cost US$10,000,000 equivalent or more per contract shall be procured through ICB. Contracts estimated to cost less than US$10,000,000 equivalent may be procured through NCB. Contract estimated to cost less than US$70,000 equivalent per contract may be procured through shopping procedures. For shopping, contracts will be awarded following evaluation of bids received in writing on the basis of written solicitation issued to several qualified suppliers (at least three). The award would be made to the supplier with the lowest price, only after comparing a minimum of three quotations open at the same time, provided he has the experience and resources to execute the contract successfully. For shopping, the project procurement officer will keep a register of suppliers updated at least every six months.

54. **Procurement of Goods**. The goods to be financed by IDA would include: office furniture, equipment, and supplies, vehicles, irrigation equipment for the seeds and clonal gardens, operational equipment for farmers cooperatives such light trucks, weighing and quality control meters, simple of sola dryers, acquisition of seedlings and other inputs for establishing nurseries, planting materials for distribution to farmers, etc. Similar goods that could be provided by a same vendor would be grouped in bid packages estimated to cost at least US$1,000,000 per contract and would be procured through ICB. Contracts estimated to cost less than US$1,000,000

equivalent may be procured through NCB. Goods estimated to cost less than US$70,000 equivalent per contract may be procured through shopping procedures. For shopping, the condition of contract award shall be the same process as described above for procurement of works.

55. **Selection of Consultants.** The project will finance consultant services for activities such as: engineering designs and supervision of works surveys, environmental and social safeguards studies and supervision, technical and financial audits, technical assistance to project partners, institutional strengthening and capacity building to inter-professions and cooperatives, training and workshops facilitators. Consulting firms will be selected through the following methods: (a) QCBS; (b) selection based on the Consultant's Qualification (CQS) for contracts which amounts to less than US$300,000 equivalent and are related to exceptional studies and researches which require a rare and strong expertise; (c) Least Cost Selection (LCS) for standard tasks such as insurances and, financial and technical audits costing less than US$300,000; (d) Single Source Selection, with prior agreement of IDA, for services in accordance with the paragraphs 3.10 to 3.12 of Consultant Guidelines. Individual Consultant (IC) will be hired in accordance with paragraph 5.1 to 5.4 of Bank Guidelines; Sole source may be used only with prior approval of the Bank.

56. Short lists of consultants for services estimated to cost less than US$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines, if a sufficient number of qualified individuals or firms are available. However, if foreign firms express interest, they would not be excluded from consideration.

57. Procurement of consulting services other than consulting services covered by consultant Guidelines: those might include designing, editing and printing project promotion supports; providing logistic support such as car rental for field visits, travel services and logistic support for workshop and the like. LCS or shopping will be used.

58. **Training, Workshops and Conferences.** Trainings (including training material and support), workshops and conferences, will be carried out based on a Capacity building and Training Plan (CBTP) to be approved along the Project's Annual Work Plan and Budget (AWPB). Detailed TORs will be prepared for each line of activity in the CBTP, providing information on the nature of activity (training, workshop, study tour, field missions etc.), the number of trainees/participants, of which women, duration, staff months, timing and estimated cost, and will be submitted to IDA for review and approval prior to initiating the process. The appropriate methods of selection will be derived from the detailed schedule. Project would be requested to include a brief in the quarterly PIAs and Project's implementation progress report (IPR) summarizing completed activities under the CBTP and their outcomes as regards to the attainment of the project development objective.

59. **Operational Costs.** Operating costs financed by the project are incremental expenses incurred for implementing project activities by the PCUs and PIAs. They include facility services (electricity, internet, tap water…), vehicles operation and maintenance, maintenance of equipment, communication costs, supervision costs (i.e. transport, accommodation and per diem), and salaries of locally contracted staff. They will be procured using the procurement procedures specified in the Project Financial and Accounting Manual.

60. **Other method:** Matching funds to inter-professions to facilitate establishments of nurseries, productions of seedlings, and distribution of improved planting materials at subsidized prices to small farmers will use operational procedures of CCC/FIA, APROMAC/FDH and AIP. Their manual of operational procedures will be revised to ensure proper targeting of beneficiaries, selection of nurseries, quality control and monitoring of and reporting on the programs.

**Assessment of the capacity of the agencies to implement procurement**

61. At pre-appraisal stage, an assessment of capacity on procurement has been conducted for INTERCOTTON, AIPH, APROMAC, and the CONSEIL DU CAFÉ-CACAO, identified as key implementing agencies of the different project components. As the cashew inter-profession no longer exists and needs to be re-established and strengthened, activities relating to the subsector will be executed by the PCU in partnership with the relevant structures of MINAGRI, including ARECA, the cotton and cashew regulatory agency, and DOPA, which is the Ministry's Department in charge of professional associations, including cooperatives and inter-professions. The mission gauged the capacity and ability to perform procurement activities in accordance with World Bank procedures and guidelines.

62. The conclusions of the assessment are the following: (i) regarding the criteria of experience in procurement, AIPH hired on a competitive basis a consulting firm to assist on procurement. The CONSEIL DU CAFÉ-CACAO has established a procurement Unit following its recent organization and as part of the recent sector reforms. The council of procurement procedures complies with national procurement procedures set for public institutions in Côte d'Ivoire. The other agencies have various experiences in procurement. But overall none of the proposed agency has experience in Bank procurement procedures; (ii) regarding the Fiduciary staff, except the CONSEIL DU CAFÉ-CACAO which has a procurement unit and responsible procurement, none of the other agencies has dedicated staff on procurement, but rather other staff with other specialty exercising procurement tasks; (iii) on filing of procurement documents also, only the CONSEIL DU CAFÉ-CACAO and AIPH has some filing systems; (iv) regarding the existence of a manual of procedures on procurement, the CONSEIL DU CAFÉ-CACAO and AIPH have the document, other agencies have manual of procedures in accordance with Bank requirements. Nonetheless, all identified agencies are performing procurement for their activities in accordance with the requirements of their board members.

**Mitigation measures**

63. In order for these bodies to implement Bank funded activities in accordance with the Bank guidelines on procurement, the assessment mission recommended the recruitment of a procurement specialist to strengthen each of the structures and the preparation of a new manual of procedures or the updating of existing one to comply with Bank requirement on procurement.

64. All inter-professions initiated the preparation of their manuals shortly after the mission, and as of today, the draft manuals of INTERCOTON, APROMAC/FDH, AIPH have been submitted to the MINAGRI for review. The CONSEIL DU CAFÉ-CACAO has also submitted the draft manual of the PPPP has recently launched the revision of the 2QC, and the preparation of the new manuals of procedures for the FIMR and the FIA, which are the relevant instrument for implementing project activities. Completion of these manual in substance and form satisfactory to the Bank is expected by Board approval.

**Frequency of procurement reviews and supervision**

65. Bank's prior and post reviews will be carried out on the basis of thresholds indicated in the following table. The IDA will conduct six-monthly supervision missions and annual Post Procurement Reviews (PPR); with the ratio of post review of at least one to five contracts. The IDA may also conduct an Independent Procurement Review at any time until two years after the closing date of the project.

**Country Overall Procurement Risk Assessment:**

| | |
|---|---|
| **High** | **X** |
| **Average** | |
| **Low** | |

66. With respect to the PCU, the actions cover recruitment of two procurement specialists, and who will support to the above-mentioned capacity building.

| **Recommended Action** | **Due Date** |
|---|---|
| Appoint two procurement specialists on Terms of Reference acceptable to IDA. | Prior to effectiveness |
| Procedure manual | Prior to effectiveness |

**Table 17: Procurement and Selection Review Thresholds**

| **Expenditure Category** | **Contract Value (Threshold) US$** | **Procurement Method** | **Contract Subject to Prior Review US$** |
|---|---|---|---|
| **1. Goods** | ≥ 10.000,000 | ICB | All |
| | < 10.000,000 | NCB | The first contract |
| | quotation - no less than 3 quotation | < 100.000 | |
| | National quotation - no less than 3 quotation for vehicle and oils | < 500.000 | |
| | No threshold | Direct contracting | All |
| **2. Consultants** *Firms* | No threshold | QCBS; LCS; FBS | All contracts of US$ 300,000 and more |
| | < 100,000 | CQ | |
| ***Individuals*** | No threshold | IC (at least 3 CVs) | All contract of US$ 100,000 and more |
| | No threshold | Single Source (Selection of Firms & Individuals) | All contracts |
| **All TORs regardless of the value of the contract are subject to prior review** | | | |

67. All trainings, terms of reference of contracts, and all amendments of contracts raising the initial contract value by more than 15% of original amount or above the prior review thresholds will be subject to IDA prior review. All contracts not submitted for prior review, will be submitted to IDA post review in accordance with the provisions of paragraph 5 of Annex 1 of the Bank's Consultant Selection Guidelines and Bank's procurement Guidelines.

**Procurement Plan**

68. A draft procurement has been prepared by the Government preparation team and discussed with the Bank Task Team at appraisal. For each contract, the procurement plan defines the appropriate procurement methods, the need for pre-qualification, estimated costs, the prior review requirements, and the time frame. The procurement plan for the first eighteen month of project implementation was prepared by the Government, reviewed and approved by the Bank on June 26, 2013. The procurement plan will be updated at least annually, or as required, to reflect the actual project implementation needs and capacity improvements. All procurement activities will be carried out in accordance with approved original or updated procurement plans. All procurement plans should be published on Bank website according to the Guidelines. Attached is an indicative summary of the procurement packages to be processed within the first eighteen month following project approval (including those that are subject retroactive financing and advanced procurement under the Project Preparation Advance).

**Table 18: Summary of the Procurement Packages planned during the first 18 months after project effectiveness**

a. **Procurement of works, goods, and non-consultant services**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| **Ref. No.** | **Description** | **Estimated Cost (US$)** | **Procurement Method** | **Domestic Preference** | **Review by Bank** | **Comments** |
| 1 | Summary of the ICB package (Works) | 0 | | | | |
| 2 | 8 packages under ICB (Works) | 17,800,000 | NCB | NO | Prior for 2 first contracts | Rehabilitation of rural roads and construction of socio-economic infrastructure for participating cooperatives |
| 3 | 3 packages under NCB (Goods) packages | 1,079,000 | NCB | NO | POST | Acquisition of vehicles, office furniture and equipment for the PCU, and operational materials for Cooperatives and CNRA seed gardens |
| 4 | 3 packages under CB (Non-Consultant Services) packages | 80,000 | CB | NO | POST | Editing and printing, publishing of project tools kits (manuals and guides), car rental, communication supports etc. |
| 5 | *4 packages under shopping* | 601,000 | Shopping | YES | POST | Office supplies, insurance for PCU vehicles etc. |
| 6 | *3 packages for Distribution of subsidized planting material (grants)* | 2,500,000 | ED with licensed nurseries | YES | POST | List of L'ed nurseries approved with the annual work pans of CCC, AIPH and APROMAC. |

b. Consultant services, including core staff of the PCU

| Ref. No. | Description of Assignment | Estimated Cost US$ | Selection Method | Review by Bank (Prior / Post) | Comments |
|---|---|---|---|---|---|
| 1 | **21 contracts for** individuals consultants and firms that will be procured under QCBS | 3,150,000 | QCBS, ED and selection of PCU core staff | Prior review | Including project staff and consultants hired for the PIAs, consulting firms for studies and subversion of works >$300K worth, capacity building to cooperatives, cashew markets information systems, baseline surveys for impact evaluation |
| 2 | **14 contracts** for individuals and consulting firms that will be procured under other methods | 1,532,000 | QBS, MCS, IC | Post review | Including consulting firms for studies and subversion of works <$300K worth, financial audits, and individuals for technical audits and EIES and monitoring safeguards instruments |

## IV. Environmental and Social (including safeguards)

69. Anticipated negative environmental and social impacts of the project would result mainly from civil works associated with rural roads rehabilitation and maintenance, but also from small-scale socio-economic subprojects, and investments in medium-sized industrial cashew processing unit. Indirect impacts are possible from increased and intensified crop production. . Historically, expanding areas of cocoa and other tree crops in Côte d'Ivoire have driven significant losses of tropical humid forests. Deforestation has been so extensive that in the project areas few patches of natural forests are extant, and these are mostly in protected areas. Any further conversion of natural habitats is now outlawed. The project will include measures to ensure that under no circumstances project investments trigger further deforestation. Increased use of pesticides would be a likely consequence of the project in the absence of strong measures to promote better pesticide management. Involuntary resettlement, partial losses of assets such as trees and crops, restrictions of access to resources are possible as social impacts. Given the small scale of impacts and their mitigability, the project is classified as a "Category B". Five safeguards policies are therefore triggered: Environmental Assessment (OP/BP 4.01); Natural Habitats (OP/BP 4.04); Pest Management (OP 4.09); Involuntary Resettlement (OP/BP 4.12); and Physical Cultural Resources (OP/BP 4.11).

70. The safeguards instruments which have been prepared include: an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF), and a Pest Management Plan (PMP). Further, a Social Inclusion Study has been conducted to look at issues related to gender mainstreaming, vulnerable groups dimensions, child labor, conflict, youth employment, benefit sharing and grievance redress mechanism.

71. The ESMF and PMP have been prepared by the Borrower, reviewed and approved by both the National Agency for Environmental Management (ANDE) and the World Bank and disclosed both in-country and at the Info shop on March 19 and March 25 respectively. The RPF has also been prepared by the Borrower, reviewed and cleared by both ANDE and the Bank and ultimately

disclosed in country and at the InfoShop on, April 8 and April 16, 2013, respectively. The ESMF describes potential negative environmental and social impacts of the project which will mainly result from civil works associated with rural roads rehabilitation but also from implementation of socio-economic projects and financing of medium-sized industrial cashew processing units. Increased use of pesticides would be a likely consequence of the project due to the insufficient measures to further enforce the existing national and sub-regional regulations.

72. In order to identify and mitigate negative impacts, the ESMF proposes a social and environmental screening process and the development of specific subproject safeguard instruments when appropriate. The ESMF also describes the institutional arrangements for the implementation of the program, including those relating to capacity building.

73. The cost of implementation of the environmental and social measures in the ESMF of the project is FCFA 200,000,000 or US$ 400,000; these investments have been included in the detailed project budgets. The various measures prescribed in the ESMF have been or will be fully incorporated in the project operational manual(s).

74. The PMP lays out a comprehensive plan to manage possible negative impacts resulting from increased use of pesticides caused by the project and also investments to promote first steps toward Integrated Pest Management (IPM). The World Bank's associated Global Environment Facility (GEF)-financed Persistent Organic Pollutants (POPs) Pesticides Management Project, to be implemented through the Ministries of Environment and Agriculture, will provide further support to better pesticide management in the country.

75. **Social:** The proposed project will focus its activities on social inclusion in commercial crops, promoting village plantations and their better linkages with the forward segments of the targeted supply chains. It is expected that tremendous benefits resulting from project activities will reach a large number of rural households, which are the ultimate targets of the project. It is anticipated that at least 120,000 farmers will directly benefit from project interventions, of which 17% women, through to access to improved planting materials, production equipment, training and advisory services, and socio-economic infrastructure constructed or rehabilitated under the project. Total direct and indirect beneficiaries would reach 500,000 people factoring all who will be benefiting from improved rural roads and rural infrastructure.

76. Potential gender and nutrition impacts related to devoting more land and labor to cash crops will be mitigated through a partnership being developed with WAAPP in the Project's intervention areas, and in collaboration with qualified institutions with track records on this particular area, such as ICRAF and Helen Keller International (HKI). Pilot financing is being sought, in order to provide complementary household garden and livestock and nutritional education support to households in order to maintain or improve dietary diversity through more efficient production and utilization of nutrient rich foods.

77. During the last decade, the issue of child labor has received high levels of attention in Cote d'Ivoire as a result of the negative image of cocoa production in West Africa and the involvement of children in what has been called the worst forms of child labor in the cocoa sector. As a result, the Government has created an Inter-Ministerial Committee on the Fight Against Child Labor as well as a National Surveillance Committee to monitor the Activities on the Fight Against Child Trafficking, Exploitation and Labor of Children, chaired by the first lady. The Committee has prepared a National Action Plan for 2012-2014, which has four main points of focus: prevention, protection of children, sanctions for those implicated in using child labor and

monitoring of these activities. At the level of cocoa producers, seven working groups have been formed under the CONSEIL DU CAFÉ-CACAO's Public Private Partnership Platform in order to improve the sustainability of cocoa production. Among the seven groups, one is focused on the social aspects of cocoa cultivation while another working group examines activities to abolish child labor. These working groups contribute to the overall goal of the CONSEIL DU CAFÉ-CACAO of establishing a norm for sustainable cocoa production, which includes a certification procedure. Under the cocoa component, the PSAC will take into account the issue of child labor by supporting existing initiatives addressing the underlying causes of child labor; such as poverty, lack of infrastructure and lack of knowledge about the topic. Firstly, regarding poverty, the PSAC will improve revenues for smallholders through the activities on improving access to markets, and access to improved technologies, which in turn will contribute to improved yields. Secondly, on the lack of infrastructure, PSAC will co-finance basic social infrastructure, such as schools and health care centers, for cooperatives participating in sustainable cocoa production. The project will have a positive impact on the smallholders by providing them with access to basic services that they have not been able to access previously. Thirdly, the project will support awareness raising activities, such as including information on child labor in the programs of Farmers' Field Schools.

78. It is not expected that during its implementation phase, the project could affect beneficiary communities through involuntary resettlement. However, establishing new nurseries, rehabilitating or maintaining feeder roads to unlock production from villages' plantations could result in some negative social impacts, such as crop losses, and lack of access to sources of income and livelihood. Expropriation cases are not foreseeable, or will be minor and site specific considering the promotion of modern techniques based on improving productivity (intensification, use of quality planting material, etc.). A Resettlement Policy Framework (RPF) was developed to comply with the core requirements of OP/BP 4.12 policy, and appropriately deal with such situations. The RPF contains the guidelines and procedures for the preparation of subsequent site-specific Resettlement Action Plans, as necessary, during project implementation.

## V. Monitoring & Evaluation

79. Key Performance Indicators (KPI) of the project are aligned with the PDO and activities are defined in the components in order to achieve them. PDO indicators are focused on access to technology, to markets and good governance of value chains. The corresponding KPI are total area planted or replanted with healthy material, the linear of rural roads rehabilitated and/or maintained, while the amount of funding from value chains to project activities is an indicator of improvement of their governance. Contingent objectives to which the project would contribute are increase in yields, increase total production and increase of income for targeted producers. Two to three indicators for each component have been chosen with the government and the inter-professions and inserted in the Results Framework. The PCU and the IPAs can also use additional indicators to measure project performance.

80. The PCU will bear the overall responsibility on project M&E, and will provide quarterly reports on progress on implementation of project's activities, as well as on project financial management and status of disbursement. The PCU will be also responsible for conducting an impact evaluation program of project activities, in collaboration with the M&E department within MINAGRI and involving local; universities. The Bank through the DIME program will provide technical assistance to that aim.

81. The PCU will rely on implementing agencies, namely the CONSEIL DU CAFÉ-CACAO, ARECA, Rubber, Oil Palm and Cotton Inter-professions to perform operational monitoring of and inform on a quarterly basis implementation progress and on related inputs and outputs of activities under their responsibilities, as per the Project's Result Framework. To that aims, the Project will strengthen the inter-professions' internal M&E and fiduciary system, including development of improvement of their database and membership mapping system.

82. In order to generate rigorous empirical evidence about PSAC's impact, three (3) impact evaluations will be incorporated into the project. These impact evaluations, which span across all three main PSAC project components and regions, will be conducted by the World Bank's Africa Region Gender Practice (AFTPM) in collaboration with the Paris School of Economics (PSE). In addition, the impact evaluation team will be assisted by a designated member of the PCU in MINAGRI, who will support the impact evaluation, including by ensuring that the selection of beneficiaries is done in a way that will allow credible evaluation of the impact.

83. The first impact evaluation will focus on the cashew transformation component of the project, and will estimate the impact of the project's intervention to encourage cashew processing enterprises on household income, poverty, and social outcomes in communities where such activities are supported. The evaluation will also provide estimates of the differential impact of cashew processing employment on men and women. The second impact evaluation will focus on cocoa production and certification. This study will estimate the impact of certification on cocoa production, price, quality and investment. It will also investigate whether greater access to markets enhances the impact of training on technology adoption. This evaluation will also examine whether the project's incentivizes for certification lead to significant progress on social goals such as reduction of child labor in cocoa production. The third impact evaluation will assess the agricultural investment and production response to the rehabilitation of feeder roads, and the impact of this rehabilitation on transportation costs, rural incomes and poverty.

84. In each case the impact evaluation will use experimental and quasi-experimental methods to create a credible counterfactual group against which the impact of project interventions can be estimated. It is strongly preferred that the first two impact evaluations (cocoa and cashews) be conducted on the basis of random assignment to treatment, and that such procedures are clearly specified in the relevant project manuals The evaluation of feeder roads will be based on non-randomized methods, but the feasibility of the impact evaluation is contingent on the project's use of objective, quantitative criteria for the selection of roads to rehabilitate. Ultimately, the impact evaluation team will be flexible in matching the impact evaluation resources to the interventions which are carried out in a manner which enables use of credible analytical techniques.

## VI. Role of Partners (if applicable)

85. The Project is complementary to other Bank-supported operations across the sector including: (i) The Emergency Renewal Infrastructure Project to complement its rural roads rehabilitation programs in the Nawa region, (ii) The Youth employment and skills development project (PEJEDEC) in developing specific labor skill along the rubber, oil palm and cashew supply chains, in order to improve labor employability and productivity; (iii) The West Africa Agricultural Productivity Program (WAAPP) to address the food security and nutrition risks in cash crops producing areas; (iv) the new Development Policy Operations (DPO) series which support the reforms undertaken by the government in the cocoa, the cotton cashew subsector, as well as the coordination framework of the NAIP and (v) a proposed GEF-financed project

"Management of POPs Pesticides", of US$ 7.0 million is currently under preparation to both manage and eliminate stockpiles of particularly toxic pesticides but also, through a component to be implemented by MINAGRI, to promote better management of pesticides in selected cultures and areas in the country. The two projects will complement each other on a range of activities related to pesticide use and management.

86. The Task team has also initiated partnership with IFC in preparing a join Country Situation Assessment (CSA) of the Oil Palm sector in Côte d'Ivoire, as per the World Bank Group Re-engagement Framework on oil palm Sector. Further collaboration with IFC is envisioned for the development of the cashew value chain, for which an IFC pre-scanning mission has been carried out in March 2013, and on business development services and capacity building for cooperatives in agribusiness value chain in Cote d'Ivoire.

87. The French Development Agency (AFD) will contribute to the funding of the project through parallel financing. Part of the AFD program on agriculture (under the *"Projet d'Accélération et de Relance des filières Agricoles"* en Cote d'Ivoire- PARFACI) under its debt relief mechanism (C2D) will be executed by the PCU using Bank fiduciary guidelines for financing specific activities, including rehabilitation and maintenance of feeder roads for all components, and financing of the expansion of animal traction and reducing the funding gap for advisory services to cotton farmers. AFD has participated in the preparation of the project and will be part of the supervision team at implementation stage. The Project will also collaborate with EU which has been the leading donor in the cotton over the last decade. IFAD, AfDB and other donors contributing to the funding of the NAIP program will also be consulted.

## Annex 4: Operational Risk Assessment Framework (ORAF)

## COTE D'IVOIRE: Agriculture Sector Support Project

<table>
<tr><td colspan="13">Project Stakeholder Risks</td></tr>
<tr><td>Stakeholder Risk</td><td colspan="12">Rating : Moderate</td></tr>
<tr><td rowspan="6">Risk Description:<br><br>Selection of limited supply chains and focused areas for project interventions may raise equity issue. Stakeholders, including farmers and political leaders, and agro-industries in areas or supply chains not selected from project intervention expressing discontent or frustration. Furthermore, tightening governance in the management of revenues generated from selected commodities raising opposition from possible losers, such as leaders of associations and some agro-industries who unduly benefited from lack of clear and transparent procedures in the management of such resources.</td><td colspan="12">Risk Management:<br><br>The strong analytical underpinnings of the Project, including the recently released CEM, and clear definition of selection criteria (potential for growth and employment, number of people reached and social cohesive in post-conflict context, absence of significant public funding) in project documents as well as communication to the public during project preparation missions will involve all the stakeholders who will help address the issue.</td></tr>
<tr><td>Resp:</td><td>Client</td><td>Status:</td><td>Completed</td><td>Stage:</td><td>Preparation</td><td>Recurrent:</td><td>☐</td><td>Due Date:</td><td>30-Apr-2013</td><td>Frequency:</td><td></td></tr>
<tr><td colspan="12">Risk Management:<br><br>Inclusive approach in project preparation will help address the risk. Discussions are ongoing to reach agreement on improved governance procedures of Inter-professions through which the Project will be implemented. Furthermore, Project will focus on strengthening the weak links of the supply chains (namely producer associations) to enhance their negotiation proficiency and their participation in the decision process. A communication strategy will be developed to ensure transparency and control over project activities.</td></tr>
<tr><td>Resp:</td><td>Both</td><td>Status:</td><td>In Progress</td><td>Stage:</td><td>Implementation</td><td>Recurrent:</td><td>☑</td><td>Due Date:</td><td></td><td>Frequency:</td><td>Yearly</td></tr>
<tr><td colspan="12">Risk Management:<br><br>Project will take advantage of the new law on Inter-professions which allow extension of agreed on regulation measures within a licensed inter-profession representing the entire industry. Disclosure of the lists of licensed cooperatives and of any extension of Inter-professions’ agreements will also improve the governance in the sector.</td></tr>
<tr><td>Resp:</td><td>Client</td><td>Status:</td><td>Not Yet Due</td><td>Stage:</td><td>Implementation</td><td>Recurrent:</td><td>☑</td><td>Due Date:</td><td></td><td>Frequency:</td><td>Yearly</td></tr>
<tr><td colspan="13">Implementing Agency (IA) Risks (including Fiduciary Risks)</td></tr>
</table>

<table>
<tr><td>Capacity</td><td>Rating</td><td colspan="12">Substantial</td></tr>
<tr><td rowspan="4">Risk Description:<br><br>Inadequate institutional capacity for implementation of Project activities and coordination of multiple stakeholders across multiple value-chains in multiple locations. Given the variation in institutional capacity across the various value-chains, coordination of project activities and executing agencies by the Ministry of Agriculture would be challenging given its limited capacities, both in terms of staffing and financial resources.</td><td colspan="13">Risk Management:<br>Except for cashew, farmers are relatively well organized in producer associations, while inter-professions in most cases provide a good platform for coordination of producers and processors. At the same time, some envisaged investments under the project, e.g. rural roads, will require coordination across value-chains for which adequate implementation modalities has been specified during project preparation.</td></tr>
<tr><td>Resp:</td><td>Client</td><td>Status:</td><td>Completed</td><td>Stage:</td><td>Preparation</td><td>Recurrent:</td><td>☐</td><td>Due Date:</td><td>30-Jun-2012</td><td>Frequency:</td><td></td><td></td></tr>
<tr><td colspan="13">Risk Management:<br>A PCU will be established within MINAGRI, with the project support to ensure coordination of executing agencies and compliance with bank fiduciary requirements. The project will also provide capacity building support to the Ministry of Agricultural for better coordination of the sector investment plan (NAIP). The project will accordingly tailor implementation arrangements and capacity building efforts which will be detailed in Project Agreements/Conventions between the PCU and PIAs, including the inter-professions. Draft Project Agreements/Conventions will be prepared agreed on and signed before effectiveness.</td></tr>
<tr><td>Resp:</td><td>Client</td><td>Status:</td><td>Not Yet Due</td><td>Stage:</td><td>Preparation</td><td>Recurrent:</td><td>☐</td><td>Due Date:</td><td>30-Sep-2013</td><td>Frequency:</td><td></td><td></td></tr>
<tr><td>3.2 Governance</td><td>Rating</td><td colspan="12">Substantial</td></tr>
<tr><td rowspan="3">Risk Description:<br><br>Weak oversight of PCU by the Government and inadequate supervision of executing agencies and the PCU leading to lack of transparency in the management of project resources through funding mechanisms established and managed by the Inter-professions; lack of accountability vis-a-vis the end beneficiaries.</td><td colspan="13">Risk Management:<br>The project steering Committee –in charge of approval of project work plan and budgets will be an extension of the NAIP oversight committee, enlarging the sight of stakeholders over project management and supervision. Furthermore, Project contribution to supply chains investment funds is conditional to upgrading the governance and procedures of such fund to Bank’s fiduciary standards and information policies. Each Inter- professions has prepared and submitted draft operational manual in lines with agreed TORs during the pre-appraisal mission. The Manuals have been reviewed by the Bank team during appraisal and will be finalized and adopted by the Government before effectiveness.</td></tr>
<tr><td>Resp:</td><td>Client</td><td>Status:</td><td>Completed</td><td>Stage:</td><td>Preparation</td><td>Recurrent:</td><td>☐</td><td>Due Date:</td><td>30-Jun-2013</td><td>Frequency:</td><td></td><td></td></tr>
<tr><td colspan="13">Risk Management:<br>MINAGRI will appoint qualified staff, as focal points of each supply-chain or component, under the supervision of the head of the Department of Planning and Project Control to review project quarterly reports and recommend corrective measures for action as necessary. A grievance redress mechanism will also be established to address complaints from beneficiaries and project stakeholders.</td></tr>
</table>

| | |
|---|---|
| | Resp: Client · Status: Not Yet Due · Stage: Implementation · Recurrent: ☑ · Due Date: · Frequency: Quarterly |
| | **Risk Management:**<br>Bank will ensure intensive formal supervision missions for the first year (quarterly) based on the draft quarterly project execution and Interim financial reports (IFRs) and will maintain quarterly virtual review of implementation progress thereafter, in complement to formal implementation support mission every six months. |
| | Resp: · Status: · Stage: · Recurrent: ☑ · Due Date: · Frequency: Quarterly |
| | Rating: Moderate |
| | **Risk Management:**<br>Further to strengthening the procedures under which the Funds operate, a communication strategy will be developed in order to regularly disclose information on the Funds activities (beneficiaries, investments supported, project performance as well as audit reports). |
| | Resp: Client · Status: Not Yet Due · Stage: Implementation · Recurrent: ☑ · Due Date: · Frequency: Quarterly |
| **Project Risks** | |
| **Design** | Rating: Low |
| Risk Description:<br><br>Land Conflicts. Although the project does not include any component on land management/administration, absence of clear land rights in project intervention areas may constrain overall project outcomes, in particular for the renewal of aging cocoa farms and for extension of rubber and oil palm estates. In the meantime project's proposed support on demand for clearing and formalization of land rights for communities and eligible individuals might generate disputes and increase vulnerability of existing land users to displacement. | **Risk Management:**<br>While project would focus on small holders and is not anticipating major conflict over land rights, proof of unchallenged/validated land use rights would be a condition for participation and no involuntary land transactions would be pursued. Should the issue inadvertently arise during implementation; the Government has developed an RPF to deal with it adequately.<br><br>Resp: Client · Status: Not Yet Due · Stage: Implementation · Recurrent: ☑ · Due Date: · Frequency: Quarterly<br><br>**Risk Management:**<br>Project design articulate a combination of crops -regions, each of the 3 "crop-region" combinations or component addressing three major groups of issues along the value chains (on access to markets, productivity and processing, and institutional development), though at various degrees. This design will facilitate allocation of responsibilities among key project partners and would further facilitate coordination and consolidation of results at implementation stage. Transfer of responsibilities from the PCU to inter-professions will be done gradually according to IPs capacity which will be strengthened |

| | |
|---|---|
| Complexity in the design of the project with multiple supply chains, multiple actors and multiple locations might further result in slow implementation of activities. | with the project support over time. Implementation support missions will closely monitor how the matrix of responsibilities work and adjustments will be made as necessary.<br>Resp: Bank · Status: Not Yet Due · Stage: Implementation · Recurrent: ☑ · Due Date: · Frequency: Yearly |
| **Social and Environmental** | Rating: Moderate |
| Risk Description:<br><br>Adverse Social and Environmental Impacts of Project Investments. | **Risk Management:**<br><br>Safeguards provisions and corresponding institutional capacity will be developed and deployed to avoid adverse social and environmental impacts. A full set of environmental and social safeguard instruments (an Environmental and Social Management Framework (ESMF), a Pest Management Plan (PMP) and a Resettlement Policy Framework (RPF)) have been prepared. Envisaged certification efforts supported under the project will further strengthen managing social and environmental concerns. Specific measures will be in place to ensure that project investments do not drive any additional deforestation in areas with remaining patches of natural forest.<br>Resp: Client · Status: Completed · Stage: Preparation · Recurrent: ☐ · Due Date: 16-Apr-2013 · Frequency:<br><br>**Risk Management:**<br><br>Project teams at Bank and Government levels will collaborate with the upcoming Persistent Organic Pollutants (POPs) Pesticides Management project to be financed by the GEF, intended to reduce adverse health and environmental impacts of POPs pesticides in Côte d'Ivoire by reducing or eliminating their ongoing use and managing existing stockpiles, consistent with the country's obligation under the Stockholm Convention.<br>Resp: Both · Status: In Progress · Stage: Implementation · Recurrent: ☐ · Due Date: 31-Dec-2013 · Frequency: |
| **Program and Donor** | Rating: Low |
| Risk Description:<br><br>Bank approach of funding recipient-executed project, may conflict with some partners' approaches which are also executing agencies. Project activities might also overlap with other programs funded by Donors, Government or the export industry, leading to doubling of effort and | **Risk Management:**<br><br>Project activities will be mainstreamed through existing funding mechanisms established by the inter-professions, whose functioning, governance, and procedures will be assessed and upgraded to meet the Bank standards as necessary. Furthermore, collaboration with donor community through the PNIA Donors Group, and embedding Project Overseeing in the PNIA institutional framework will help mitigated the risks. In addition, close collaboration is expected with  majors partners of the Government -including AFD, EU, IFAD, AfDB and IsDB-  in the agricultural sector, including possibility of parallel projects using key features of the project design or feasibility studies envisioned under the project. |

| | |
|---|---|
| thus inefficient interventions.<br>Risk that funding from co-financier, namely AFD, does not materialize, and attribution of results among sources of funding. | Resp: Both \| Status: In Progress \| Stage: Preparation \| Recurrent: ☐ \| Due Date: 30-Jun-2013 \| Frequency:<br><br>**Risk Management:**<br>AFD and the Government have confirmed availability of funding of FCFA 18.2 Bn (about$ 36.4m) under AFD's debt relief mechanism-C2D) as a parallel project, but to be executed by the PCU. Though activities to be funded under the AFD project are well targeted, it is the combination of IDA, AFD and Inter-professions funding which will ensure the greater results and impacts. Nonetheless, the final PAD presents in Annex 1 a result framework for the entire project including AFD financing, and a result framework for IDA financing alone, the latter showing the minimum results the project will be held accountable under the IDA financing in the absence of AFD funding.<br><br>Resp: Bank \| Status: Completed \| Stage: Preparation \| Recurrent: ☐ \| Due Date: 30-Jun-2013 \| Frequency: |
| **Delivery Monitoring and Sustainability** | Rating: Low |
| Risk Description:<br><br>Ministry's ability to collect and process relevant data on the sector performance has been weakened during the years of crisis.<br><br>Continuing Public Sector Dependence may hinder the sustainability of project intervention. | **Risk Management:**<br>The PCU will be held accountable for overall project's M&E system and will report to MINAGRI. Under the subcomponent on sector coordination, the project would provide additional support to MINAGRI to improve its M&E capacity in connection with project areas of interest, particularly on establishing the database on cooperatives in project selected supply chains, and for performing supervision of project activities.<br><br>Resp: Client \| Status: Not Yet Due \| Stage: Impl. \| Recurrent: ☐ \| Due Date: \| Frequency:<br><br>**Risk Management:**<br>Most of the inter-professions are fairly monitoring well their respective subsector performance, and overall are generating and dissemination relatively good quality information that may serve the Project M&E purpose. The PCU will rely on the inter-professions 's M&E systems and will provide additional support as necessary to improve such systems instead of setting up a new one from scratch. The bank will also provide technical assistance under the DIME Program to conduct an impact evaluation program.<br><br>Envisaged support under the project will be tied to the development and establishment of sustainable financing mechanism for O&M and future capital investment needs of the respective value-chains, including rural roads. Doing so would require measures facilitating scaled-up engagement of CI's financial sector in export agriculture, as well as increasing mandate and governance in each respective value-chain's associations (i.e. inter-professions) to manage internally generated revenues. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Resp: | | Status: | Stage: | Recurrent: ☐ | Due Date: | Frequency: |
| **Other: Food Security and Nutrition** | Rating | Moderate | | | | | |
| Risk Description: There are concerns that intensification of export crops can come at the expense of diversified food crops due to competition for land and labor. In addition, export cash crops may displace income control from women for diversified cropping to men who are more likely to control the sale of export crops. Both of these factors can lead to nutritional deterioration despite income gains | **Risk Management:** The project will work closely with the Bank sponsored West Africa Agricultural Productivity Program (WAAPP) in Cote d'Ivoire, which is working on food security and have initiated some activities on nutrition. The Task Team discussed with the MINAGRI and WAAPP Coordination Unit (FIRCA) possibilities of extending WAAPP activities on these particular matters in PSAC intervention areas, and agreed to prepare and submit a proposal to the JSDF to support that. | | | | | | |
| | Resp: Both | | Status: In Progress | Stage: Implementation | Recurrent: ☐ | Due Date: 31-Dec-2013 | Frequency: |

**6. Overall Risk**

**Implementation Risk Rating: Moderate**

## Annex 5: Implementation Support Plan

## COTE D'IVOIRE: Agriculture Sector Support Project

### I. Strategy and Approach of the Implementation Support Plan (ISP)

1. The strategy for implementation support plan aims to : (i) kick-off implementation of project even before effectiveness, and keep disbursement ratio above the project disbursement profile at any time during project life; (ii) prevent occurrence of key project risks (technical, fiduciary and environmental and social risks) or reduce at minimum level their potential impact when unavoidable; (iii) adequate monitoring and evaluation of project implementation progress and results - including a rigorous impact evaluation study of project interventions - of the project and document scalability to other supply chains and in other regions in Cote d'Ivoire.

2. The strategy involved three level responsibilities and actions:

- At project level: to minimize the risks associated with project design and capacity risk, core PCU staff will include a Responsible of Technical Operations (RTO) in charge of overall coordination of project technical activity and, of organizing technical support to the Inter-profession on their respective areas of needs. The PCU will also request as needed support from competent government bodies, such as AGEROUTE, DOPA, ARECA, and ANDE in their respective areas of expertise. The project will supplement the inter-professions with additional technical and fiduciary staff to upgrade their capacity. Duration and scope of such support will depend on specific needs of each inter-profession as assessed during project preparation. Such support will allow the PCU and the Inter-professions will hire qualified consulting firms, individuals and providers of good and services to deliver quality products and services for the project.
- At the Government level, DGPPS may carry periodic or unscheduled mission based on the issues surfaced during project implementation phase. National and regional focal points would help identify such issues at early stage by performing regular reviews of providing summary notes on project quarterly reports, and in participating to planning and coordination activities at national and regional levels. Their main counterpart within the PCU is the RTO.
- The Bank Task team will provide continuous implementation support, through a core team composed of the TTL, the fiduciary specialists (FM and PS), and a Program assistant based in the Country office. Frequency of formal implementation support mission (ISM) would be as follow (i) an ISM every four month for the first sixteen month following project approval, and one ISM every six months. In between ISMs, virtual ISM will be agreed on with the Government as the need arises. ISM missions scheduling and TORs would be agreed on with the Government and with AFD. An MTR will be conducted two years after project effectiveness to assess project progress toward achieving the PDO. Skill mix of mission teams will be crafted taking into account Bank internal strength of expertise, AFD areas of focus, which is cotton, and as necessary additional support from FAO Investment Center, and independent consultants.

3. As successfully experienced during project preparation, ISM will include as much as possible a two to three day workshop involving all project stakeholders for information sharing, to ensure adequate level of project exposure to the wider public through local medias, of the project and reduce governance risk, while enhancing participation, inclusion, and accountability of all parties in project success and possible failures.

4. Particular emphasis would be put on the following aspects during project ISM:

- **Institutional capacity and management of Project Agreements/Conventions with the PIAs**, to ensure that adequate capacity are in place at any time within the PCU and the PIAs to carry out efficiently project activities;
- **Targeting of beneficiaries, and M&E**: regular update of the project result framework and issuance of implementation progress reports and IFRs. This entails support to the implementing agencies in upgrading their M&E systems, inclosing setting geo-referenced databases on project activities and beneficiaries. Bank will provide technical assistance through its Impact evaluation support program (DIME) to design and implement a rigorous impact evaluation study of project interventions.
- **Environmental and social safeguards instruments**: Implementation support should ensure that safeguards aspects are properly taken care of as per the ESMF, PMP and RPF. Safeguards team will supervise timely preparation, when and wherever required, of Environment and social impact assessments (ESIAs) and Resettlement of Action Plans (RAPs) of specific activities, and adequate implementation, monitoring and documentation of mitigation plans.
- **Fiduciary management :** supervision plan of FM aspects of the project is detailed earlier in Annex 3, and will focus on safeguarding Project resources while providing technical support to PCU and PIAs. As for procurement**,** prior reviews will be conducted based on set threshold values for different procurement categories for Côte d'Ivoire. Annual post reviews will be conducted by procurement specialist. Both the CO-based FM and PR specialists will be core members of the periodic implementation support missions.

## II. Implementation Support Plan

5. **Implementation Readiness.** A project readiness check-list table has been initiated at PCN stage with regular updates since then. The following Project Implementation Support Plan has been prepared and will be finalized before project effectiveness. The Table below indicates the implementation readiness status.

6. **Implementation Support Plan and Budget**. The following tables indicate the main focus of support to implementation during the project's lifetime, skill mix requirements, and involvement of other partners.

**Table 19: Focus of support to implementation during the project period**

| Time | Focus | Skills Needed | Resource Estimate (US$) |
|---|---|---|---|
| Project Launch (1mission) | Constitution and transfer of project documentation and files to the PCU,<br>Technical assistance to PCU for and project partners on project, including on the Project Agreements/Conventions with inter-professions for implementing project activities,<br>Validation of the Implementation plan for theY1<br>Reporting on implementation progress and financial management<br>Training on projects and Bank safeguards instruments | Agribusiness specialists (3)<br>Social safeguards<br>Environmental safeguards<br>Financial Management Spec.<br>Disbursement Specialist<br>Procurement Specialist<br>Institutional development specialist<br>Economist<br>Operation Officer<br>Program Assistant<br>Communication Specialist | 50,000 |
| 0-12 months (3 missions) | Procurement - processing of first contracts and management of project funds<br>Technical support on specifics of the implementation plan.<br>Technical assistance to Inter-professions for implementing the Project Agreements/Conventions<br>Support to kick-off the Impact evaluation study : questionnaire sampling design, selection of partners for and launch of the baseline | Agribusiness specialist (3)<br>Impact evaluation specialists (2)<br>Social safeguards<br>Environmental safeguards<br>Financial Management Specialist<br>Procurement Specialist<br>Institutional development specialist<br>Operation Officer<br>Program Assistant | 150,000 (including 70,000 for IE) |
| 13-24 months (2missions) | Technical support for implanting activities per component, and sub-component;<br>Routine FM and Procurement reviews;<br>Management of Safeguards and monitoring of implementation of safeguards related measures; | Agribusiness specialist (3)<br>Social safeguards<br>Environmental safeguards<br>Financial Management Specialist<br>Procurement Specialist<br>Institutional development specialist<br>Operation Officer<br>Team Assistant | 110,000 (including 30,000 for IE) |
| 25-36 months (2 missions) | Technical support for implementing activities per component, and sub-component; routine FM and Procurement reviews;<br>Management of Safeguards and monitoring of implementation of safeguards related measures;<br>M&E ;<br>**Medium Term review-Elaboration of a MTR action plan.** | Agribusiness specialist (3)<br>Social safeguards<br>Environmental safeguards<br>Financial Management Specialist<br>Procurement Specialist<br>Institutional development specialist<br>Operation Officer<br>Communication Specialist<br>Team Assistant | 150,000 (including 30,000 for IE) |
| 37-48 months (2 missions) | Support MTR action plan follow up on :<br>Adjust plan for implementing activities per component, and sub-component;<br>FM and Procurement reviews;<br>Management of Safeguards and monitoring of implementation of safeguards related measures;<br>M&E and Follow up survey of the impact evaluation study, additional analyses | Agribusiness specialist (3)<br>Legal adviser<br>Social safeguards<br>Environmental safeguards<br>Financial Management Specialist<br>Procurement Specialist<br>Institutional development specialist<br>Operation Officer | 95,000 (including 30,000 for IE) |

| Time | Focus | Skills Needed | Resource Estimate (US$) |
|---|---|---|---|
| | | Team Assistant | |
| 49-54 months (1 mission) | **Implementation Completion and Results Report (ICR)** | ICR TTL and assessment team | 70,000 (including 30,000 for IE) |
| TOTAL COST | | | 625,000 (including 190,000 for IE) |

**Table 20: Skills mix required (per year)**

| Skills Needed | Number of Staff Weeks | Number of Trips | Comments |
|---|---|---|---|
| Team Leader (TTL) | 10 | | CO based |
| Agro economist, co-TTL | 8 | | CO based |
| Procurement Specialist | 3 | | CO based |
| Agribusiness Specialist | 8 | | Consultant |
| Financial Management Specialist | 3 | | CO based |
| Disbursement Specialist | 1.5 | | HQ based |
| Lawyer | 2 | 1 | HQ based |
| Team Assistant | 10 | | CO based |
| Road Engineer | 8 | | CO Based/Consultant |
| Operations Specialist | 4 | 2 | M&E Co based |
| M&E Specialist | 4 | 2 | Consultant |
| Institutional development | 4 | 1 | consultant |
| Environmental Specialist | 2 | 1 | HQ based |
| Social Specialist | 2 | 2- | HQ based |
| Communications Specialist | 2 | | CO based |

**Table 21: Partners**

| Name | Institution/Country | Role |
|---|---|---|
| Nouhoun Coulibaly | Director General, Department of Planning, Project Control and Statistics, MINAGRI | Principal Government counterpart , and overall coordination of projects under the NAIP |
| Guy Evers | Director /FAO Investment Center, Rome, Italy | Technical support to the Task Team under the Bank/FAO Collaboration Program (FAO/CP) |
| Marie-Cécile Thirion | Team Leader, Paris, France | Overall Coordination of AFD/PAFARCI Project, and main counterpart for CASP |
| Didier Nils | Head, Agriculture and Rural Development Unit, Delegation of European Commission, Abidjan, Cote d'Ivoire | Donor Coordination in support to the NAIP, and under the G8 Alliance. |

## Annex 6: Summary of the Economic and Financial Analysis

## COTE D'IVOIRE: Agriculture Sector Support Project

### I. METHODOLOGY

1. The economic analysis compares the quantifiable benefits (incremental production, reduction in transport costs and losses) with the project costs. Production price and costs are valued at prevailing levels (second quarter of 2012). Economic costs and prices are assumed to be equal to financial costs and prices, in the absence of tax and distortions, except for cocoa and cashew, which are subject to export taxes.

2. Activities related to capacity strengthening of value chain organizations, to sector coordination and to cashew nuts processing are not subject to a cost/benefit analysis, as the benefits generated, although important, cannot be quantified. The cost of these activities is however taken into account in the calculation of the overall rate of return.

#### ROAD REHABILITATION INVESTMENTS

3. **Economic Analysis**. The main economic quantifiable benefits of the road rehabilitation investments are: (a) cost reduction (assumed at 25%) for the primary transport of the concerned cash crop; (b) the reduction of post-harvest and transport losses (assumed at 5% for oil palm and 1% on other products); (c) a bonus for quality improvement assumed at 5% for oil palm bunches, which is a perishable produce; and (d) a transport cost reduction for the non-cash crops products marketed by the farmers, the volume of which is estimated at 70% of volume of cash crops for the unclassified road network and 150 % for the classified network. Other non-quantifiable although very important benefits, such as easier access of the population to health and other social services, are not taken into account.

4. The volume of production benefitting from improved transport conditions is assumed to represent 70% of total production for cotton and cashew, 40% for rubber and oil palm and 20% for cocoa. Recurrent maintenance costs on the rehabilitated network are estimated at 1million FCFA/km/yr. For all the value chains, we assume an average production growth of 5% per year for the next coming ten years.

5. **Financial Analysis.** Reductions on transport cost are assumed to be fully passed on to producers for cashew, cocoa, food crops. For cotton, rubber and oil palm, the saving is assumed to be shared between the producers and the agro-industries, on the basis of the prevailing FOB price sharing formula.

#### ON-FARM PRODUCTIVITY INVESTMENTS

6. For on-farm productivity investments, the activities generating quantifiable benefits are the following:

- The distribution of subsidized animal traction kits to 20,000 unequipped or under-equipped cotton farmers, which will generate a 20% increase in yield and a 50% increase in cultivated area for beneficiaries
- The development of agricultural extension services in the cotton area is expected to generate at minimum a 100 kg/ha (from 900 to 1,000kg/ha) yield increase on 50% of cotton area, and to an increase of income of 20% for associated food crops.

- The development of agricultural extension services in the cashew nut production zone should allow a yield increase of 100kg/ha (from 400 to 500kg/ha) for at least 30% of the existing orchard; the provision of improved planting material, combined with advisory services, would allow new plantings or regeneration of existing orchards on 12,000 ha, with a potential yield of 1,000kg/ha

- The provision of quality planting material for rubber growers should permit 14,000 ha of new plantations, with a potential yield at maturity of 1.8tones DRC/ha against 1.5 in current conditions. The subsidized seedlings program for small farmers should also permit 1,750 small producers to plant 2 hectares of rubber with a performing material to which they would not otherwise have access.

- The provision for palm tree growers of planting kits should allow 3,000 beneficiaries to carry out new plantations (on 2/3 of the area) or replantation (1/3 of the area) with a potential yield of 10 tones/ha at maturity.

- The development of farm schools would permit a yield increase of 150kg/ha for 10,000 cocoa growers (50,000 ha). The provision of quality planting materials and the development of grafting techniques will make it possible to replant/regenerate 50,000 ha with a yield twice higher than the yield of existing orchards.

## II. RESULTS OF THE ECONOMIC ANALYSIS

7. The economic internal rates of return (ERR) for each value chain are given on the table below, as well as the net present value of net economic benefits (gross benefits minus project and recurrent costs)[14]:

**Table 22: Summary of the economic analysis per supply chains**

| Economic analysis | Cocoa | Rubber | Oil palm | Cotton | Cashew nuts | Project Coordination | TOTAL |
|---|---|---|---|---|---|---|---|
| Project cost (Million US$) | 26.33 | 12.2 | 17.5 | 59.0 | 21.3 | 14.4 | 150.8 |
| NPV (Million FCFA) | 68,441 | 34,613 | 20,586 | 27,262 | 31,323 | 0 | 173,398 |
| ERR | 24% | 28% | 25% | 29% | 57% | NA | 27% |
| ERR 30% decrease in prices | 22% | 23% | 18% | 9% | 33% | | 19% |

8. The economic ERR for the whole project is 27%. This high rate can be explained (1) by the strong potential for rapid performances improvement of the considered value chains and (2) by the high prevailing world prices at the time of evaluation. A fall (anticipated by the World Bank's projection) of 30% on all products would result in an IRR of 19%, which remains high. The total economic profitability of the project is therefore robust, even in case of a significant decline in world prices.

## III. RESULTS OF THE FINANCIAL ANALYSIS

9. **Total additional income**. The incremental income for farmers will reach 8 billion FCFA per year by the end of the project (i.e within 4 years) and will culminate at 92 billion FCFA/year once the new plantations reach maturity (which takes 5 to 10 years, depending of the crop).This additional income depends obviously upon the level of world prices: a general fall of 30% of price of the return products would result by a drop of 40% of the total incremental income. The sectors which would mostly be affected are the cotton value chains, because of the importance of the inputs it consumes.

[14] Over a 20 years period at a discount rate of 10%

**Table 23: summary of the financial analysis per supply chains**

| | cotton | cashew | rubber | palm | cocoa | total |
|---|---|---|---|---|---|---|
| *Total additional income(M FCFA)* | | | | | | |
| Related to increase of cash crop producer price | 246 | 733 | 111 | 245 | 390 | 1725 |
| Related to reduction of losses or quality improvement | 482 | 582 | 271 | 1795 | 1,638 | 4,769 |
| Related to transport cost reduction for other products | 235 | 300 | 61 | 406 | 429 | 1432 |
| Total additional income | 963 | 1,615 | 443 | 2,446 | 2,457 | 7,925 |

10. The financial IRRs for farmers' investments are very attractive at current price levels. The sensitivity analysis shows that IRRs for new or replanted plantations remain higher than 14% (which is more than the average interest rate of credit to agriculture activities in Cote d'Ivoire), in case of a drop of 30% of world prices, but the subsidization rate of 50% on animal traction kits would no longer be sufficient to make the investment financially viable in that case.

**Table 24: Results of the Economic and Financial Analysis Per project line of activities**

| **Financial analysis** | Number of beneficiaries | Area/ Beneficiary | Total net additional income/yr (M FCFA) | Net additional income/yr/ ha | Net additional income/ beneficiary | Additional production at maturity stage | Net IRR investment by producer | Sensitivity analysis | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Price-30% | | | Price-20% | | |
| | | | | | | | | Additional income/beneficiary | Total addl income | IRR producer | Addl income/beneficiary | Total addl income | IRR producer |
| Animal traction for cotton | 20 000 | 3 | 9 624 | 157 538 | 481 223 | 32 550 | 66% | 163 412 | 3 268 | non profitable | 400 737 | 8 015 | 6% |
| Agric extension services for cotton zone | 75 000 | 3 | 5 595 | 37 300 | 113 939 | 15 000 | NA | 4 403 | 330 | NA | 4 800 | 360 | NA |
| Feeder roads cotton | 70 000 | NA | 963 | NA | 13 754 | NA | NA | 11 687 | 818 | | 12 376 | 866 | NA |
| | | | 16 182 | | | 47 550 | | | 4 417 | | | 9 241 | |
| % current income | | | 226% | | | | | | | | | | |
| Agric extension services for cashew | 95 000 | 3 | 5 415 | 19 000 | 57 000 | 28 500 | NA | 34 500 | 3 278 | NA | 42 000 | 3 990 | NA |
| Cashew processing materials | 6 000 | 2 | 962 | 80 200 | 160 400 | 12 000 | 21% | 100 400 | 602 | 14% | 120 400 | 722 | 17% |
| Feeder roads cashew | 221 667 | NA | 1 615 | NA | 7 287 | NA | NA | 6 500 | 1 441 | | 6 762 | 1 499 | NA |
| Total cashew | | | 7 993 | | | 40 500 | | | 5 321 | | | 6 212 | |
| % current income | | | 22% | | | | | | | | | | |
| Rubber processing materials | 7 000 | 2 | 15 178 | 1 084 174 | 2 168 348 | 25 200 | 36% | 1 454 468 | 10 181 | 30% | 1 692 428 | 11 847 | 32% |
| Subsidized plant pp rubber | 1 750 | 2 | 3 795 | 1 084 174 | 2 168 348 | NA | 46% | 1 454 468 | 2 545 | 40% | 2 168 348 | 3 795 | 42% |
| Feeder roads rubber | 7 800 | NA | 335 | NA | 42 942 | NA | NA | 36 685 | 286 | | 38 771 | 302 | NA |
| Total cost rubber | | | 19 308 | | | 25200 | | | 13 013 | | | 15 944 | |
| % current income | | | 19% | | | | | | | | | | |
| Palm plantation kits | 3 000 | 5 | 6 198 | 413 200 | 2 066 000 | 150 000 | 29% | 1 241 000 | 3 723 | 22% | 1 516 000 | 4 548 | 24% |
| Feeder roads palm | 14000 | NA | 2 446 | NA | 174 747 | NA | NA | 136 278 | 1 908 | | 149 101 | 2 087 | NA |
| Total cost palm | | | 8 644 | | | 150 000 | | | 5 631 | | | 6 635 | |
| % current income | | | 21% | | | | | | | | | | |
| Cocoa farm schools | 10 000 | 5 | 17 710 | 354 200 | 1 771 000 | 7 500 | NA | 1 156 750 | 11 568 | NA | 1 361 500 | 13 615 | NA |
| Cocoa processing materials | 20 000 | 2 | 20 512 | 512 800 | 1 025 600 | 20 000 | 19% | 779 900 | 15 598 | 15% | 861 800 | 17 236 | 17% |
| Feeder roads cocoa | 130 000 | | 2 457 | NA | 18 900 | NA | NA | 15 120 | 1 966 | | 16 380 | 2 129 | NA |
| | | | | | | 27 500 | | | | | | | |
| Total cost cocoa | | | 40 679 | | | | | | 29131 | | | 32 980 | |
| % current income | | | 8% | | | | | | | | | | |
| Overall total | | | 92 806 | | | 290 750 | | | 57 512 | | | 71 012 | |

# CÔTE D'IVOIRE


- CITIES AND TOWNS
- REGION CAPITALS
- NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- REGION BOUNDARIES
- INTERNATIONAL BOUNDARIES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