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Report No: PAD2219

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN AN AMOUNT EQUIVALENT TO EURO 18.7 MILLION
(US$20 MILLION EQUIVALENT)

TO THE

REPUBLIC OF TOGO

FOR THE

AGRICULTURE SECTOR SUPPORT PROJECT

March 24, 2017

Agriculture Global Practice
Africa Region

CURRENCY EQUIVALENTS

Exchange Rate Effective: January 31, 2017

Currency Unit	=	United States dollars (US$)
US$1	=	Euro 0.93005952

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AfDB	African Development Bank
CAADP	Comprehensive Africa Agricultural Development Program
CARGS	Competitive Agricultural Research Grant Schemes
CAS	Country Assistance Strategies
CIPS	*Comité Interministériel de Pilotage Stratégique* (Inter-ministerial Steering Committee)
CTP	*Comité Technique de Pilotage* (Technical Steering Committee)
FM	Financial Management
EAs	Environmental Assessments
EFA	Economic and Financial Analysis
EIRR	Economic Internal Rate of Return
EMPs	Environmental Management Plans
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMPs	Environmental and Social Management Plans
ESOP	*Entreprises de Services et Organisations Paysannes* (Business Services and Producers' Organizations)
ECOWAP	Economic Community of West African States Regional Agricultural Policy
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization
FNGPC	*Fédération Nationale des Groupements de Producteurs de Coton du Togo* (Togo Federation of Cotton Producers' Groups)
GAFSP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product
GFRP	Global Food Response Program
GHG	Green House Gas
IBRD	International Bank for Reconstruction and Development
ICAT	*Institut de Conseil Agricole et d'Appui Technique du Togo* (Togo Institute for Agricultural Extension)
ICF	International Consultancy Firm
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ITRA	*Institut Togolais de la Recherche Agricole* (Togo Institute for Agricultural Research)

ISR	Implementation Status and Results Report
MAEH	*Ministère de l'Agriculture, de l'Elevage et de l'Hydraulique* (Ministry of Agriculture, Livestock and Water Resources)
M&E	Monitoring and Evaluation
NPV	Net Present Value
PAD	Project Appraisal Document
PADAT	*Projet d'Appui au Développement Agricole au Togo* (Togo Rural Development Support Project)
PASA	*Projet d'Appui au secteur Agricole du Togo* (Togo Agriculture Sector Support Project)
PDO	Project Development Objectives
PCU	Project Coordination Unit
PIM	Project Implementation Manual
PMP	Pest Management Plan
PNIASA	*Programme National d'Investissements Agricoles et de Sécurité Alimentaire* (National Agriculture and Food Security Investment Program)
PNIASAN	*Programme National d'Investissements Agricoles et de Sécurité Alimentaire et Nutritionnelle* (National Agriculture and Food Security and Nutrition Investment Program)
PNPER	*Programme National de Promotion de l'Entreprenariat Rural* (National Program for the Promotion of Rural Entrepreneurship)
RAP	Resettlement Action Plan
RBMAS	Results Based Management and Accountability System
RPF	Resettlement Policy Framework
SME	Small and Medium Enterprises
SORT	Systematic Operating Risk Tool
TA	Technical Assistance
TTL	Task Team Leader
UTCC	*Unite Technique Café Cacao* (Coffee and Cocoa Technical Unit)
WAAPP	West African Agricultural Productivity Program
WAEMU	West African Economic and Monetary Union

Regional Vice President:	Makhtar Diop
Country Director:	Pierre Laporte
Senior Global Practice Director:	Juergen Voegele
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TOGO
Additional Financing for Agriculture Sector Support Project (P159637)

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ADDITIONAL FINANCING DATA SHEET

Togo

PASA Additional Financing (P159637)

AFRICA

Agriculture Global Practice

Basic Information – Parent			
Parent Project ID:	P118045	Original EA Category:	B - Partial Assessment
Current Closing Date:	15-Jun-2017		

Basic Information – Additional Financing (AF)			
Project ID:	P159637	Additional Financing Type (from AUS):	Scale Up
Regional Vice President:	Makhtar Diop	Proposed EA Category:	B
Country Director:	Pierre Frank Laporte	Expected Effectiveness Date:	14-Sep-2017
Senior Global Practice Director:	Juergen Voegele	Expected Closing Date:	15-Jun-2020
Practice Manager/Manager:	Simeon Kacou Ehui	Report No:	PAD2219
Team Leader(s):	Erick Herman Abiassi		

Borrower				
Organization Name	Contact	Title	Telephone	Email
Government of Togo	Ouro Koura Agadazi	Minister of Agriculture	0022890043443	k.agadazi@yahoo.fr

Project Financing Data - Parent (Togo Agricultural Sector Support Project-P118045) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P118045	IDA-H6640	Effective	12-Apr-2011	18-Apr-2011	14-Dec-2011	15-Dec-2016	15-Jun-2017
P118045	TF-99275	Closed	18-Apr-2011	18-Apr-2011	14-Dec-2011	31-May-2015	31-May-2015
P118045	TF-99289	Effective	18-Apr-2011	18-Apr-2011	14-Dec-2011	15-Dec-2016	15-Jun-2017
Disbursements							

Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P118045	IDA-H6640	Effective	US$	9.00	9.00	0.00	8.55	0.02	95.01
P118045	TF-99275	Closed	US$	9.00	8.17	0.83	8.17	0.00	100.00
P118045	TF-99289	Effective	US$	19.00	19.00	0.00	17.71	1.29	93.21

Project Financing Data - Additional Financing PASA Additional Financing (P159637) (in US$ Million)

[ ]	Loan	[ ]	Grant	[ ]	IDA Grant
[X]	Credit	[ ]	Guarantee	[ ]	Other

Total Project Cost:	24.00	Total Bank Financing:	20.00
Financing Gap:	0.00		

Financing Source – Additional Financing (AF)	Amount
BORROWER/RECIPIENT	4.00
International Development Association (IDA)	20.00
Total	24.00

Policy Waivers

Does the project depart from the CAS in content or in other significant respects?	No
Explanation	
Does the project require any policy waiver(s)?	Yes

Explanation

The Borrower requested to continue to use the Bank's Procurement and Consultant Guidelines of 2010 editions (as referred to in the Financing Agreement) for the proposed additional financing in order to ensure continuity with the original project.

Has the waiver(s) been endorsed or approved by Bank Management?	Yes

Explanation

The request was approved by the Chief Procurement Officer of OPCS (email dated December 6, 2016) pursuant to Section III, Paragraph 4 Table I(C) of the "Bank Procedure- Procurement in IPF and Other Operational Procurement Matters" dated July 1st, 2016.

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Erick Herman Abiassi	Team Leader (ADM Responsible)	Senior Agriculture Economist	Senior Agricultural Economist	GFA01

Mathias Gogohounga	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Senior Procurement Specialist	GGO07
Angelo Donou	Financial Management Specialist	Consultant	Financial Management	GGO13
Abdoul Wahabi Seini	Safeguards Specialist	Senior Social Development Specialist	Senior Social Development Specialist	GSU01
Abdoulaye Gadiere	Environmental Specialist	Senior Environmental Specialist	Enviromental Specialist	GEN07
Benjamin Billard	Team Member	Operations Officer	Operations Officer	GFA01
Christian Berger	Team Member	Sr Agricultural Spec.	Senior Agricultural Specialist	GFA01
Emelyne Calimoutou	Team Member	Legal Analyst	Legal Analyst	LEGAM
Esinam Hlomador-Lawson	Team Member	Program Assistant	Program Assistant	AFMTG
Juvenal Nzambimana	Team Member	Senior Operations Officer	Senior Operations officer	GFA01
Matthieu Louis Bonvoisin	Counsel	Counsel		LEGAM
Nicolas Ahouissoussi	Team Member	Senior Agriculture Economist	Senior Agriculture Economist	GFA01
Sossena Tassew	Team Member	Operations Analyst	Operations Analyst	GFA01
Issa Thiam	Team Member	Finance Officer	Finance Operations	WFAFO

Locations

Country	**First Administrative Division**	**Location**	**Planned**	**Actual**	**Comments**
Togo		Region des Savanes		X	
Togo		Region des Plateaux		X	
Togo		Region Maritime		X	
Togo		Region Centrale		X	
Togo		Prefecture de l' Ogou		X	
Togo		Region de la Kara		X	
Togo		Nangbeto Reservoir		X	

Institutional Data
Parent (Togo Agricultural Sector Support Project-P118045)
Practice Area (Lead)
Agriculture
Contributing Practice Areas
Additional Financing PASA Additional Financing (P159637)
Practice Area (Lead)
Agriculture
Contributing Practice Areas

Consultants (Will be disclosed in the Monthly Operational Summary)
Consultants Required? No consultants are required

I. Introduction

1. This Project Paper (PP) seeks the approval of the Executive Directors to provide an Additional Financing (AF) in an amount of Euro 18.7 million (US$20 million equivalent) to the Government of Togo to strengthen the Agriculture Sector Support Project (PASA-AF P159637) in response to a letter from the Ministry of Development and Planning, dated January 18, 2016. The PP also seeks a restructuring of the original project for an extension of the parent project's present closing date, and revision of the results framework.

2. The original project was restructured once on August 11, 2016 with a level-2 restructuring that consisted mainly of reallocating resources between different categories and extending the closing date.

3. **The proposed AF will support the Government of Togo in consolidating and scaling up the achievements obtained so far under the original project to enhance the developmental impact for beneficiaries**. The AF will focus on: (i) strengthening the promotion of strategic food crops, export crops and freshwater fish production with a special focus on productivity enhancement, quality improvement, better access to markets, and institutional support to the targeted value chains; (ii) providing further assistance to the livestock sub-sector with an emphasis on animal health, commercial animal husbandry, and processing of animal products; (iii) providing institutional support to the Ministry of Agriculture with particular emphasis on capacity building of regional entities (*Direction Régionale de l' Agriculture, de l'Elevage et de l'Hydraulique-DRAEH*) and of technical autonomous departments under the ministry; and (iv) transforming successful micro projects into SMEs through technical assistance and facilitation of access to finance.

4. **The Project Development Objective (PDO), the components' structure, the safeguard policies triggered and the environment category of the original project will remain the same for the AF**. The institutional arrangements of the original project remain unchanged as well, with the exception of the long term international technical assistance hired to build the capacity of the ministry in fiduciary management, and monitoring and evaluation that will now be discontinued, as the built up capacity available within the Ministry of Agriculture, Livestock and Water Resources will take over, In addition, the AF will necessitate restructuring of the original project for (i) an extension of the original project's closing date from June 15, 2017 to June 15, 2020 and (ii) revision of the results framework to reflect not only the increase in the end-targets of the indicators but also the addition of new indicators for the new activities under the AF.

II. Background and Rationale for Additional Financing

A. Country Context

5. Togo is a small country in West Africa with a population of almost 7.3 million people (2016). The demographic growth rate is about 2.8 percent. Poverty remains widespread in the country even though national poverty rates declined from 58.7 percent in 2011 to 55.1 percent in 2015. Poverty is mostly a rural phenomenon with 69 percent of rural households living below the poverty line in 2015. Moreover, female-headed households have higher poverty rates than those headed by males (57.5% against 55% in 2015).

6. Togo's economy has been growing at an average rate of about 5 percent over the past five years (growth in 2015 reached 5.3 percent, and per capita growth was about 2.5 percent). The major growth contributors in 2015 were the secondary sector (2 percent) due to the performance

of extractive and manufacturing industries, followed by the service sector (2 percent) resulting from increased trading volumes at the Lomé sea port and the Lomé International Airport. Growth in the agricultural sector has also been significant, albeit volatile with 0 percent in 2013, 14 percent in 2014, and 2 percent in 2015 as Togo's agriculture is still largely based on traditional practices with high reliance on rainfall patterns. The building and public works sector represents only 7 percent of GDP, but its growth rate has been the highest, reaching 15.5 percent in 2015. GDP is projected to grow at 5 percent in 2016 and 2017, and 5.3 percent in 2018. Over the medium-term, the government plans to scale up investment in the agricultural sector to enhance agricultural productivity, accelerate the processing of agricultural products, and undertake reforms to make the investment climate more attractive. Inflation is projected to be contained at less than 3 percent during the next three years. Overall, the key development challenges for Togo, as stated in the country's poverty reduction strategy, include: (i) developing sectors with strong growth potential; (ii) strengthening economic infrastructure; (iii) developing human capital, social safety nets, and employment; (iv) strengthening governance; and (v) promoting a more balanced, participatory, and sustainable development.

7. In 2015, Togo's agricultural sector employed two thirds of the population's labor force and accounted for about 30 percent of GDP. However, agriculture in the country is dominated by subsistence farming, which follows traditional practices and is subject to the vagaries of climate and price fluctuations. The extremely limited rural infrastructure is poorly maintained and constitutes a major constraint to growth. Economic studies show that agriculture will remain a key source of growth and employment in Togo for the near future. As such, sustained growth in this sector is expected to have a strong effect on poverty reduction. The Togo Comprehensive Africa Agricultural Development Program/Economic Community of West African States Regional Agricultural Policy (CAADP/ECOWAP) Compact estimates that a 1 percent growth of agricultural GDP would lead to a 2 percent reduction in the incidence of poverty at the national level.

B. Sectoral and Institutional Context

8. Agro-climatic conditions in Togo are generally favorable for agriculture. The agricultural sector has the greatest potential to directly increase the income of the poor. On-farm productivity is still very low (due to little use of inputs, and traditional production methods and farm equipment), and the irrigation potential remains largely untapped. Access to financing is limited outside the cotton sector. The main food crops are cereals (maize, sorghum, millet, rice), tubers (cassava, yams) and legumes (cowpeas, soybeans), all of which roughly contribute to two third of the agricultural GDP. Animal protein production (meat and fish) is low, covering only 65 percent of the needs in meats, and less than 50 percent for fish. The balance is imported, creating a significant need for hard currency. These needs would be even larger if Togo's consumption of meat and fish were to increase and reach the average of other countries in the region. In the absence of increased supply of domestic animal food products, and with demand for animal products expected to rise with urban incomes, demand for imported animal products is likely to explode. This will inevitably exert further pressure on already negative agricultural and overall trade balances.

9. Agriculture in Togo suffers from low productivity, shortages of key inputs, and poor agricultural support services. Output growth has been mainly due to expansion of cultivated acreage rather than due to any noticeable improvement in productivity. A recent analysis (Systematic Country Diagnostic (SCD-2016) identified key sector constraints as: (i) weak

extension services and limited agricultural research capacity, limiting generation, dissemination and adoption of new technologies; (ii) limited access to rural credit, which also prevents farmers from acquiring improved seeds and fertilizers; and (iii) inadequate rural infrastructure, and problematic access to water for agricultural production purposes. In addition to the constraints identified in the SCD, agriculture performance has been unsatisfactory due to: (i) a weak institutional network that fails to promote change in agricultural production methods; (ii) poor agricultural infrastructure maintenance services; and (iii) insufficient and inappropriate budgetary allocation to agriculture.

10. The Government of Togo considers the agricultural sector as the key engine of economic growth. Its overall objective is to transform agriculture into a more competitive sector, using efficient production techniques and well-trained, dynamic and professional farmers and farmers' organizations, while integrating conservation of the environment, adaptation to climate change and sustainable management of natural resources. The country benefits from a natural deep-water port, which facilitates trade and serves as a hub for the sub-region. The government has recently produced a new agricultural sector policy document (*Document de Politique Agricole 2015-2030*), which stresses the need for the sector to be equitable, integrate gender sensitive activities and support vulnerable poor rural households. This AF has been designed to take into account key institutions and capacity-building needs in the sector, gender concerns, climate change adaptation, citizens' engagement and job creation (see project's components description).

C. Relationship to Government's strategies and Bank Country Partnership Framework (CPF)

11. The proposed AF is aligned with Togo's poverty reduction strategy *(Stratégie de Croissance Accélérée et de Promotion de l'Emploi,* SCAPE 2013-2017) and the forthcoming National Development Plan (*Plan Nationale de Développement*, PND 2018-2022). At the sector level, the AF supports the new agricultural sector policy (*Politique Agricole 2015-2030*), and is also aligned with the new national agriculture and food security investment plan (*Programme National d'Investissement Agricole et de Sécurité Alimentaire et Nutritionnelle, PNIASAN 2016-2025*). With respect to the World Bank Group, the AF is aligned with the forthcoming CPF FY17-FY20 for Togo (Report No 112965-TG) which is at an advanced stage of preparation and will be delivered within the coming three months. The latter aims to help pave the way to a more sustainable and inclusive growth model, led both by a more dynamic private sector and more effective government's policies, public investments, and services. Focus Area 1 of the CPF will promote the performance of the private sector and job creation, and includes objectives to promote the productivity of the agriculture sector and SMEs in order to create more jobs and to reduce poverty. The AF will also contribute to the objectives of the governance cross-cutting focus area, including the strengthening of institutions and citizens' engagement.

D. Original Project Status and Performance

12. The original project was approved on April 12, 2011 for a total amount of US$37 million (including IDA grant of US$9 million, Global Food Response Program (GFRP) grant of US$19 million and Global Agriculture and Food Security Program (GAFSP) grant of US$9 million), and is currently under implementation with an expected closing date of June 15, 2017. **The Project Development Objective (PDO) is** to (i) rehabilitate and reinforce productive capacities among targeted beneficiaries across Selected Value Chains, and (ii) foster an enabling institutional environment for the development of the agricultural sector, in the recipients' territory.

13. The project is currently rated **satisfactory** both for progress towards achieving the PDO and for overall implementation progress (IP). The project has supported the adoption of improved production and processing technologies, resulting in increased crop, livestock and freshwater fish production, as well as the amount of processed rice. More than 125,000 direct beneficiaries have benefited from project activities; a significantly higher number than the end of project target of 75,100. With the Project's support, the producers of rice, small ruminants, poultry, fish, coffee and cocoa were able to access improved planting materials and breeds, better agricultural inputs as well as improved knowledge of technological packages and production techniques. This has significantly helped with the increase in production and value-addition (food processing and post-harvest activities). For example, the amount of fish raised by project beneficiaries now stands at 3,724 tons, the production of maize under warrantage scheme[1] is at about 12,000 tons, and the amount of rice processed by the Business Services and Producer Organizations (*Entreprises Services et Organisations Paysannes* -ESOP) is about 7,000 tons. Regarding the revival of export crops, especially coffee and cocoa, the provision of high quality planting materials and capacity building of producers has led to a significant increase in the production of coffee and cacao (now at 17,010 tons and 10,384 tons respectively).

14. The project's support to the livestock sector has also had significant results. A more effective control of poultry diseases has contributed to the reduction of mortality rate while the improved breeding stock and habitat have greatly helped in advancing the performance of the poultry sub-sector; as a result, the poultry population increased from 45,000 at the beginning of the project to more than 182,000 as of December 15, 2016. All of these achievements have generated a positive impact on producers' income. With respect to improving access to finance, the project has successfully funded about 83 micro projects through matching grants and competitive fund schemes that are performing quite well, bringing additional income to beneficiaries. The project has also promoted job creation through post-harvest schemes such as (i) processing activities by the ESOP (98 permanent and 336 temporary jobs generated); (ii) warrantage scheme (31 permanent and 414 temporary jobs created); and (iii) micro projects, supported by the project under the competitive and matching grants scheme (570 permanent and 1057 temporary jobs generated).

15. The project has strengthened the capacity of the Ministry of Agriculture, Livestock and Water Resources (MAEH) to improve the performance of its core functions, notably fiduciary functions such as financial management, procurement, and monitoring and evaluation (M&E). All of the projects under the ministry's oversight are now monitored through a single M&E system—a major achievement given the very limited human and physical capacity when the project was initiated. Table 1 below summarizes the achievements of the PDO-level indicators.

[111] "Warrantage Scheme" means a scheme which enables producers' groups to (i) receive full or partial payment for their crop production upon delivery; (ii) access financial institutions financing using the crop stored in warehouses as collateral; (iii) enhance sales prices due to the "consolidation" of the group's production; and (iv) benefit from higher price trends which may materialize once the "glut" of seasonal supply has passed.

Table 1: Achievement of PDO indicators (as of December 15, 2016)

Indicator	Unit of measure	Baseline	Targets		% achieved (vs end-of-project target)
			Actual (as of Dec 2016)	End-of-project target (June 2017)	
Indicator one: Direct project beneficiaries, (and % female)	Number	0	125,313	75,100	166%
Women beneficiaries	Percent	0	12.51%	20 %	62.55%
Indicator two: Farm output subject to project supported post-harvest value-adding schemes	Tons	Rice: 0	7,242	5,000	144%
		Corn: 0	11,384	1,500	759%
Indicator three: Increase of crop and fisheries output, and of livestock population among project beneficiaries	Tons (coffee, cocoa, fish) and number of heads (small ruminants, poultry, fish)	Coffee: 13,000	17,010	16,000	106%
		Cocoa: 6,000	10,384	9,000	115%
		Small ruminants: 40,000	64,029	85,000	75.32%
		Poultry: 60,000	181,775	75,000	242%
		Fish: 600	6,951	2,500	278%
Indicator four: Rate of PNIASA financial execution	%	0%	73%	70%	104%

16. The disbursement performance of the original project is also satisfactory with, as of March 20, 2017, an average disbursement rate of 97.6 percent (100% for GFRP; 99.70% for IDA Grant and 93.21% for GAFSP Grant). The undisbursed balance is fully committed and is expected to be disbursed by June 15, 2017. There are no outstanding financial audits, and all audit reports are unqualified. Implementation of the safeguards requirement is also satisfactory.

E. Rationale for the Additional Financing

17. A key objective of the AF is to consolidate the solid achievements of the original project and help position the sector for further growth. With the AF, the project is expected to further contribute to reducing extreme poverty and to promoting shared prosperity by consolidating the gains of the *ESOP* model to further boost the productivity and income generated from food crops, animal husbandry and aquaculture. The value-added of the WBG involvement has been to provide funding and advice that has resulted in (i) improvement in the business environment and sector coordination by the Ministry of Agriculture; and (ii) promotion of rural entrepreneurship through various financing instruments such as matching grants and competitive funds. Results achieved so far by the project demonstrate that the transformation of the agricultural sector in Togo is possible.

Scaling up project interventions through this additional financing will help consolidate an enabling environment for SMEs in the agriculture sector, create more jobs and accelerate inclusive growth in the agricultural sector, reduce poverty and increase food self-sufficiency.

18. The AF will consolidate and scale up project interventions at four levels. First, scale-up will be done by expanding activities under all three components, with the exception of the activities related to warrantage scheme[2]. Second, scale-up will be achieved through the development of small-scale, market-oriented poultry and small ruminants' farms, based on good results achieved under the original project, combined with support for enhanced access to markets for animal products via the establishment of small scale culling areas. Third, consolidation will be done by transforming successful micro projects into SMEs, by providing them technical and financial support, notably through the matching grants and the guarantee fund established under the original project. Fourth, the institutional support to the Ministry of Agriculture will continue with a particular emphasis on capacity building of regional entities and technical autonomous departments under the ministry. However, the fiduciary technical assistance provided by an international consultancy firm (ICF) to the MAEH under the original project will be discontinued in view of the fact that capacity building efforts in this area have yielded significantly positive results and the ministry is now well staffed to discharge its fiduciary responsibility.

19. Finally, in addition to supporting the government's new strategy for the agricultural sector, the AF will serve as a financing bridge by carrying out analysis that may provide an entry to the future engagement of the Bank in the agriculture sector to carry Togo's agriculture productivity and competitiveness to a higher and more sustainable growth path.

F. Consideration of Alternative Funding

20. Possible alternative funding of the proposed activities from sources such as the government budget, other development partners and the private sector, has been considered but rejected. Despite noticeable efforts made by the government in providing counterpart financing, the government's contributions have often been delayed due to fiscal constraints. In terms of development partners, the main other actors supporting the sector are the International Fund for Agricultural Development (IFAD) and the African Development Bank -AfDB (which will make a significant contribution through the recently launched Agriculture Growth Pole Project) and the German Cooperation and they have already allocated their resources in other sub sectors. However, the World Bank Group will use its convening power to coordinate with these partners and will seek to further develop synergies and attract new donor financing to the sector, as well as help the authorities mobilize private sector financing to develop well-targeted value chains.

[2] In addition to project support, the producers' organizations involved the warrantage scheme which has developed very strong business relationships with the grain traders as well as with the financial institutions which supported them under the pilot phase and have become technically equipped and financially viable. They will now continue their activities without any support from the project.

III. Proposed Changes

Summary of Proposed Changes	
The AF does not entail any change in the project development objective, component structure, implementation arrangements or safeguards policies triggered or category level. It will rather consolidate and scale up the achievements under the original project and also focus on new priority areas including support for the processing of meat produced by small-scale animal husbandry (poultry, goat and sheep), and transformation of successful micro-projects into SME by building up on the financial mechanism put in place under the original project. The fiduciary and technical assistance being provided by an international consultancy firm (ICF) to the Ministry of Agriculture, under the original project, will be discontinued as project support in this area has yielded significantly positive results. Consequently, the changes resulting from the AF consist of: (i) an increase in the costs of the components; (ii) an update of the results framework (to not only increase the targets of the indicators but also add new indicators); and (iii) an extension of the closing date of the original project.	
Change in Implementing Agency	Yes [ ] No [X]
Change in Project's Development Objectives	Yes [ ] No [X]
Change in Results Framework	Yes [X] No [ ]
Change in Safeguard Policies Activated	Yes [ ] No [X]
Change of EA category	Yes [ ] No [X]
Other Changes to Safeguards	Yes [ ] No [X]
Change in Legal Covenants	Yes [ ] No [X]
Change in Loan Closing Date(s)	Yes [X] No [ ]
Cancellations Proposed	Yes [ ] No [X]
Change in Disbursement Arrangements	Yes [ ] No [X]
Reallocation between Disbursement Categories	Yes [ ] No [X]
Change in Disbursement Estimates	Yes [X] No [ ]
Change to Components and Cost	Yes [X] No [ ]
Change in Institutional Arrangements	Yes [ ] No [X]
Change in Financial Management	Yes [ ] No [X]
Change in Procurement	Yes [ ] No [X]
Change in Implementation Schedule	Yes [X] No [ ]
Other Change(s)	Yes [ ] No [X]

Development Objective/Results
Project's Development Objective
Original PDO:

The objectives of the Project are to (i) rehabilitate and reinforce productive capacities among targeted beneficiaries across Selected Value Chains; and (ii) foster an enabling institutional environment for the development of the agricultural sector, in the Recipients' territory. Project Beneficiaries (within all five administrative regions of Togo): 1) 60,000 crop farmers 2) 13,000 animal herders 3) 1,600 fish producers 4) 500 fish merchants 5) 650,000 households raising poultry and/or small ruminants (benefit from dedicated animal vaccination campaigns) PDO Level Results Indicators: 1) Farm output subject to project- supported post-harvest value-adding schemes (rice, corn); 2) Increase in crops (coffee, cocoa) and continental fisheries output, and of livestock population (small ruminants, poultry) among project beneficiaries; 3) Rate of PNIASA financial execution (for PASA, PADAT and WAAPP altogether) 4) Number of direct beneficiaries.
Change in Results Framework
Explanation: The Results Framework has been revised to: (i) increase the end targets of the indicators and drop indicator which is being discontinued; and (ii) add three (03) new intermediate level indicators on livestock production, micro projects and citizen engagement to cover the additional/new priorities under the AF (see Annex 1 for the updated results framework).

Compliance

Risk

Risk Category	**Rating (H, S, M, L)**
1. Political and Governance	Moderate
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Moderate
8. Stakeholders	Moderate
OVERALL	Moderate

Finance

Loan Closing Date - Additional Financing (PASA Additional Financing - P159637)

Source of Funds	Proposed Additional Financing Loan Closing Date
IDA Credit	15-Jun-2020

Loan Closing Date(s) - Parent (Togo Agricultural Sector Support Project - P118045)

Explanation:

The closing date of the original project will be extended from June 15, 2017 to June 15, 2020 in order to allow implementation of the AF activities.

Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-H6640	Effective	15-Dec-2016	15-Jun-2017	15-Jun-2020	15-Dec-2016, 15-Jun-2017
TF-99275	Closed	31-May-2015	31-May-2015		22-Dec-2015
TF-99289	Effective	15-Dec-2016	15-Jun-2017	15-Jun-2020	15-Dec-2016, 15-Jun-2017

Change in Disbursement Estimates

Explanation:

Change in disbursement estimates results from the additional resources from the AF. The estimates are for the duration of the AF.

Expected Disbursements (in US$ Million)

Fiscal Year	2018	2019	2020		
Annual	6.00	8.00	6.00		
Cumulative	6.00	14.00	20.00		

Allocations - Additional Financing (PASA Additional Financing - P159637)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %
			Proposed	Proposed
IDA	US$	(1) Goods, works, and non-consulting-services, consultants' services, Training and Operating Costs under Parts A, B and C of the Project; except Part A (4) (iii) and Part B (2) (ii) of Section II	17,525,760.0	100%
IDA	US$	(2) Sub-grants under Part A (4) (iii) and Part B (2) (ii) of Section II	2,474,240.00	100%
		Total:	**20,000,000**	

Components

Changes to Components and Cost

Explanation

The components of the original project are still relevant for the proposed AF. Additional resources will be added to each component to finance the new activities under the AF (detailed description of the AF activities is attached in Annex 2). Main activities under the AF will be as follows:

Component 1: **Promotion of strategic food crops, export crops and freshwater fish production (US$9.10 million equivalent from IDA).** This component aims at improving productivity and value-addition of key commodities, chosen for their growth potential and poverty reduction impact, and facilitating better access to market for the targeted commodities. It covers food and export crops as well as fish production.

Sub-component 1.1: Support for food crops development (US$3.75 million equivalent from IDA). This sub-component will foster the development of food production and integration of key value chains by strengthening innovative initiatives, piloted under the original project. The project will support: (i) the consolidation of existing 20 ESOPs (*Entreprises de Services et Organisations Paysannes*), developed under the original project through the construction of small infrastructure (warehouses and drying areas), the provision of equipment to improve the quality of processed products, capacity building for better management, marketing of final products, and increased profitability; (ii) provision of technical assistance to beneficiaries of micro projects to improve profitability of their businesses; (iii) selection of new beneficiaries under the competitive and matching grant scheme; (iv) transformation of successful micro projects into small or medium enterprises through contracting a specialized service provider and facilitating access to finance; and (v) launching information and communication campaigns to promote Togolese food products in local and regional markets. The implementation of this sub-component will clearly identify and address the roles of women and men in the targeted food crops.

Sub-Component 1.2: Support for export crops (US$3.22 million equivalent from IDA). The project will provide support to three traditional cash crops value chains (cotton, coffee, and cocoa) with an emphasis on productivity enhancement, quality improvement and institutional support. For cotton, the project will continue its support to institutional strengthening of the producers' organization (Togo Federation of Cotton Producers' Groups-FNGPC), in order to enable it to assume full responsibility for input distribution among farmers, and to participate effectively in the governance of the sector as a strategic stakeholder. For coffee and cocoa, the project will continue its support for the regeneration of existing plantations and extension in favorable zones through (i) provision of technical advisory services under the coordination of the Togo Institute for Agricultural Extension (ICAT); (ii) provision of good quality planting materials; and (iii) support for quality improvement for coffee and cocoa products. The project will also provide further assistance to the recently created Coffee and Cocoa Inter-profession.

Sub-Component 1.3: Support for freshwater fish production (US$2.13 million equivalent from IDA). This sub-component aims at improving the management of inland fisheries and the development of fish farming. The project will support the supply of and access to fingerlings, feed, and the provision of training in order to improve the profitability of existing fish farming enterprises. The project will promote, in collaboration with WAAPP, the dissemination of improved technologies for fish farming. Additionally, as under the original project, some small inland water management committees will be assisted in implementing their adopted co-management plans. The project will continue to provide support for sustainable inland fishery management and for designing and implementing a sustainable funding mechanism in support of adopted co-management plans, with a view of pursuing an exit strategy while phasing out the project assistance.

Component 2. Support for livestock sub-sector development (US$6.40 million equivalent from IDA). The original project focused on increasing production of short life cycle animals, i.e. poultry and small ruminants, to improve the livestock sub-sector. As discussed earlier, project interventions under this component have yielded significantly positive results in terms of increased income for livestock producers, reduced mortality rate for targeted animals following successful vaccination and de-worming campaigns. Under the AF, project activities will focus on three key areas: (i) support to animal health and disease control through countrywide de-worming and vaccination campaigns for poultry and small ruminants, and simultaneously strengthening the pilot sustainable mechanism of a revolving fund for vaccine procurement and administration, already tested during the implementation of the original project; (ii) assistance in the development of small-scale commercial poultry and small ruminants farms through the matching grants scheme as well as through training and technical assistance to the producers; and (iii) support for processing, quality improvement and increased access to markets for animal products through the establishment of small-scale culling areas in key livestock rearing regions in the country as well as capacity building of livestock producers for better organization of marketing (consolidated sales) of animal products (especially for poultry and small ruminants).

Component 3. Support for capacity building and sector coordination (US$4.50 million equivalent from IDA). The objective of this component is to further strengthen the capacity of MAEH to coordinate the implementation of the project and manage other PNIASA investments.

Sub-component 3.1: Reform and capacity building of MAEH (US$2.70 million equivalent from IDA). The project will provide support to MAEH with an increased focus on its subsidiary agencies at regional/local levels, particularly in the areas of results-based management and accountability system (RBMAS), and strengthening of fiduciary management capacities. Specifically, the project will finance: (i) the continued implementation of the RBMAS, fiduciary management and M&E systems; (ii) the training plan of MAEH staff, to ensure effective capacity building; and (iii) conducting of critical technical studies to be linked to the sector policy.

Sub-component 3.2: Sector coordination, program management and support to financial instruments (US$1.80 million equivalent from IDA). The sub-component will strengthen MAEH's capacity to coordinate the implementation of the project and the PNIASAN. To this end, the sub-component will finance activities related to the supervision and the M&E of the project as well as PNIASAN. In addition, the project will strengthen the implementation framework of financial support instruments for service delivery to beneficiaries: (i) matching grants; (ii) competitive funds; and (iii) credit guarantee fund in order to ease access to finance for project beneficiaries. Details on matching grants and competitive fund mechanisms, including the selection process and eligibility criteria were included in the Project Implementation Manual (PIM) of the original project. These will be updated to accommodate for additional activities under the AF.

Current Component Name	Proposed Component Name	Current Cost (US$M)	AF Cost (US$M)	Proposed Total Cost (US$M)	Action

Promotion of strategic food crops, export crops and freshwater fish production	No change	17.50	9.10	26.60		Revised
Support for livestock sub-sector development	Support for livestock sub-sector development	9.00	6.40	15.40	Revised	
Support for capacity building and sector coordination	No change	10.50	4.50	15.00	Revised	
	Total:	37.00	20.00	57.00		

Other Change(s)

Implementing Agency Name	Type	Action

Change in Implementation Schedule

Explanation:

There will be change in the implementation schedule as the closing date of the original project is being extended to implement the activities under the proposed AF, which is building on the original components and results.

IV. Appraisal Summary

Economic and Financial Analysis

Explanation

The Economic and Financial Analysis shows that the AF is economically and financially viable. The Net Present Value (NPV), consolidated at the national level, is approximately US$30.7 million. The Economic Rate of Return (EIRR) for the entire project is estimated at 21 percent. A sensitivity analysis was performed using some of the main variables affecting the model. The results are also encouraging even when one considers rising cost by 30 percent, decrease in benefits by 30 percent and a two-year delay in the generation of benefits. The corresponding EIRR with these three scenarios are respectively 17.9 percent, 16.8 percent and 15.6 percent while the corresponding NPV are US$27.2 million, US$18.0 million and US$18.4 million respectively (see Annex 4 for detailed Economic and Financial Analysis).

Technical Analysis

Explanation

The AF, like the original project, focuses on supply chains with high potential for domestic and export markets. All the proposed activities are relevant within the context of the country's strategy to build a strong and sustainable agricultural sector. Agricultural technologies, supported by the project, are readily available, and have already been tested, reconfirming

the proven benefits. The same applies to the scaling-up of business models, which have already been implemented on a pilot basis. Most project activities are to be developed through the available and experienced government entities and service providers. Matching grants and competitive funds, established under the original project, will continue to support project activities. Successful management of the guarantee fund, once achieved, is expected to help leverage additional medium to long-term financing from financial institutions and ease up access to finance for project beneficiaries.
Social Analysis
Explanation The potential social impact of the proposed AF will be small-scale and site-specific. Project activities will not lead to land acquisition or major restriction of access to sources of livelihood. Project activities will be screened for applicability of OP 4.12 (Involuntary Resettlement), based on the Resettlement Policy Framework (RPF). In the event that people are physically or economically displaced because of project activities, a Resettlement Action Plan (RAP) will be prepared in accordance with the requirements of OP 4.12, before the commencement of any re-location activities. If repercussions are minor (i.e. affected people are not physically displaced and less than 10 percent of their productive assets are lost) or affected people are less than 200, then an Abbreviated Resettlement Action Plan will be prepared. The overall activities of the AF are expected to provide positive socio-economic benefits to thousands of producers whose main livelihoods depend largely on agriculture. The support to targeted value chains under the AF will greatly benefit the producers as well as agricultural cooperatives and/or the private sector. A variety of income generation activities and new technologies, promoted under the original project are already being used by women, youth and vulnerable persons as well as by groups/associations for their socio-economic development. Moreover, the outcome of the participatory consultation and engagement with the citizens has been taken into account in the design of the AF sub-activities with the aim of encouraging both the ownership and social accountability by the beneficiaries. The objective of all this is to ensure that the project promotes sustainable development among the beneficiary communities.
Environmental Analysis

Explanation

The proposed AF, like the parent project, is category B. The overallenvironmental impact of the project is expected to be positive. However, some limited negative impact on soil, air, water, in surrounding communities and some noise pollution may happen during the course of project implementation especially when construction and/or production operations are underway. This impact will be temporary and localized, and proper mitigation measures during construction and/or production phases could minimize or even eliminate it altogether. An appropriate environmental safeguards instrument (Environmental and Social Management Framework - ESMF) that was prepared under the parent project, has been updated. The ESMF explains in detail what to do during project implementation, including the site-specific Environmental Management Plans (EMPs), which have to be prepared and disseminated prior to the commencement of civil works. Since the project also activated the Pest Management and the InvoluntaryResettlement Policies, the initial Pest Management Plan (PMP) and Resettlement Policy Framework(RPF) have also been updated. The ESMF, the RPF and the PMP were disseminated in Togo and at the InfoShop on February 3, 2017.

Safeguard Policies Activated by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[ ]
Pest Management (OP 4.09)	[X]	[ ]
Involuntary Resettlement (OP/BP 4.12)	[X]	[ ]

Greenhouse Gas Accounting

Explanation

The ex-ante quantification of GHG emissions is an important step in managing and ultimately reducing GHG emission, and is becoming a common practice for many international financial institutions. The net carbon balance quantifies GHGs emitted or sequestered as a result of the project compared to the without project scenario. Over the project duration of 20 years, the project constitutes a carbon sink of 4,352,015 tCO_2-eq. The project provides a sink of 84 tCO_2-eq per ha, equivalent to 4.2 tCO_2-eq per ha per year. The main carbon sinks are primarily from agro-forestry and improved practices on annuals.

Risk

Explanation

The risk ratings of the original project have been updated to reflect the experience gained during implementation. The overall risk rating for the AF is **Moderate**.

a) Political and Governance risks are considered to be **Moderate** in the country in light of the political stability, the clear commitment demonstrated by the recipient to the project, and the well-performing implementing agencies of the project.

b) For macro-economic and sector strategies and policies, the risks are rated as **Substantial** and **Moderate** respectively. The medium-term outlook for Togo is threatened by the recent spike in public debt and large fiscal deficits. Public debt has risen from 55.4 percent in 2013 to about 77.4 percent of GDP in 2016, and is expected to decrease to about 70.4 percent by 2019, as overall debt grows at a significantly slower rate than GDP. The Bank seeks to help Togo mitigate the risks posed by its fiscal constraints through macroeconomic monitoring and dialogue, support to debt management and through reforms to help Togo strengthen the macroeconomic framework, by promoting private sector investments and PPPs, and maximizing access to concessional finance from development partners and IDA.

c) Technical Design of Project and Institutional Capacity for Implementation risks are considered **Moderate**.

d) Environmental and Social risks are considered to be **Moderate**. The project has already shown that its impact on the environment is low while on the social side, it will most likely be positive.

e) Stakeholder risks are considered to be **Moderate.** The activities supported by the project are in high demand by the stakeholders, and they are committed to the implementation of the proposed AF and to the sustainable development of the targeted value chains.

G. Lessons Learned

21. **Lessons Learned and Reflected in the AF Design.** Lessons learned from the implementation of the original project have been documented and informed the design and formulation of the activities of the proposed AF. The lessons reveal the following:

- **Facilitating adoption of improved technologies by beneficiaries with limited means needs to be sustained.** The project used a blend of targeted capacity building activities and adequate financial instruments, such as matching grants and competitive funds to facilitate short-term access to finance by project beneficiaries. This has facilitated the adoption of productivity-enhancing technologies leading to an increase in the beneficiaries' income. The proposed AF will continue using this approach for the purpose of the adoption of the improved technologies on a larger scale.

- **Institutional capacity building is key, especially in fragile/post- conflict country.** The use of an international technical assistance company with a clear defined action plan along with an exit strategy (phasing out the technical assistance over a certain period) can help rebuild depleted capacity within the institutions to enable them to perform their core functions in an effective manner.

- **Setting up a unique monitoring and evaluation (M&E) system at the ministry level is the key step towards an effective sector-wide program approach.** Designing a sound and well-functioning M&E system for the sector program (PNIASA), encompassing all the ongoing projects under the Ministry, was a big challenge. Constructive dialogue with other donors, and targeted technical assistance has led to a solid M&E system that integrates both technical and fiduciary aspects in the MAEH.

22. **Geographic scope and beneficiaries.** The project will continue to be implemented at the national level, but it will scale up project activities to cover additional beneficiaries with a focus on small-scale farmers, small livestock producers, young entrepreneurs, women and agro-processors. The project will also develop a mechanism to encourage private sector investment in project activities through the promotion of SMEs and the support through the guarantee fund. The targeted investments will mainly be in the domain of fish feed, production of fingerlings, agro-processing as well as manufacture of mechanical tools and processing equipment.

23. **Links with ongoing initiatives**. The AF will establish close linkages with ongoing projects and organizations, which are supporting the same targeted value chains or working in the same project intervention zone. More specifically, it will further strengthen the complementarity with West African Agricultural Productivity Program (WAAPP), especially in the area of productivity enhancing technologies for crops, livestock and aquaculture. The project will also foster synergies with projects supported by other donors under PNIASA (IFAD/BIDC/BOAD-funded PADAT, IFAD-funded *Programme National de Promotion de l' Entreprenariat Rural* (PNPER), AfDB-funded Agriculture Growth Pole Project) particularly in defining harmonized approaches to promote targeted value chains and providing adequate support to the Ministry of Agriculture for quality service delivery.

V. World Bank Grievance Redress

24. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to the existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and the Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

TOGO
Additional Financing for Agriculture Sector Support Project (P159637)

Annex 1: Revised Results Framework and Monitoring Indicators

Annex 1A: Summary of the Revisions of the Monitoring Indicators

PDO		
Current	*Proposed*	*Comments/ Rationale for Change*
The objectives of the project are to (i) rehabilitate and reinforce productive capacities among targeted beneficiaries across Selected Value Chains, and (ii) foster an enabling institutional environment for the development of the agricultural sector, in the recipients' territory	No change	N/A
Revisions to the PDO indicators		
Current	*Proposed change*	*Comments/ Rationale for Change*
Direct project beneficiaries, 20 percent of whom are female	Increase in the end-target from 75,100 to 200,000 for direct beneficiaries and from 20 to 30 percent for percentage of female beneficiaries	Taking into account the achievements to date and adding the expected additional results under the AF
Farm output subject to project supported post-harvest value adding schemes	Increase in the end-targets for Corn: from 5,000 tons to 15,000 tons; Rice: from 1,500 tons to 14,000 tons and Soybeans: from 0 to 4,200 tons	Taking into account the achievements to date and adding the expected additional results under the AF
Increase of crop and fisheries output, and of livestock population among project beneficiaries	Increase in the end-targets for Coffee: from 16,000 tons to 18,000 tons; Cocoa: from 9,000 tons to 11,000 tons; Small ruminants from 85,000 to 87,000; Poultry: from 75,000 to 250,000; and Fish from 2,500 tons to 7,500 tons	Taking into account the achievements to date and adding the expected additional results under the AF
Revisions to the Intermediate Results Indicators		
Current	*Proposed change*	*Comments/ Rationale for Change*

Number of targeted clients who are members of newly created ESOP	Increase in the end-target from 4,000 to 17,000	Taking into account the achievements to date and adding the expected additional results under the AF
Farmers' organizations participating in the warrantage scheme	Discontinued	Indicator already achieved and no-longer relevant for the AF.
Area regenerated or newly planted (Coffee, Cocoa)	Increase in the end-target from 20,000 to 40,000 ha for coffee; and from 10,000 to 22,000 ha for cocoa	Taking into account the achievements to date and adding the expected additional results under the AF
Water area covered by new management plans adopted by fishers	Discontinued	Indicator already achieved and no-longer relevant for the AF.
New or upgraded fish farms	Discontinued	Indicator no-longer relevant for the AF.
Animal growers using superior breeding stock	Discontinued	Indicator no-longer relevant for the AF.
Farmers adopting improved animal husbandry practices	No change	Target of original project not yet achieved.
Animals participating in the vaccination campaign	Increase in the end-target from 2,000,000 to 3,666,000 for small ruminants; and from 9,500,000 to 16, 234,000 for poultry	Taking into account the achievements to date and adding the expected additional results under the AF
Results based management and accountability system developed and implemented (1) MAEH structures using annual work plan and budgets in line with the RBMAS manual, and submitting activity reports to the Secretariat General in line with the RBMAS manual (2) Staff in MAEH structures participating in performance agreements in line with the RBMAS manual	 Discontinued No change	 Target of original project already achieved and no-longer relevant for the AF. Target of original project not yet achieved.
Training provided to MAEH staff	Increase in the end-target from 1,800 to 2,500 for RBMAS; from 1,350 to 2,500 for FM; and from 1,350 to 2,500 for M&E	Taking into account the achievements to date and adding the expected

		additional results under the AF
Number of sub-sectoral policies and implementation plans adopted	Increase in the end-target from 5 to 9	Taking into account the achievements to date and adding the expected additional results under the AF
	Number of commercial farms (poultry and small ruminants) promoted under the matching grant scheme	NEW INDICATOR. For the new activities under the AF
	Number of animals marketed by the commercial farms (poultry and small ruminants)	NEW INDICATOR. For the new activities under the AF
	Number of reports published by project-supported organizations on findings of beneficiaries' feedback	NEW INDICATOR. To monitor citizen engagement under the project

Annex 1B: PASA Additional Financing- Revised Results Framework

	D=Discontinued C=Continue N=New R=Revised	Unit of Measure	Baseline (Achievements as of Dec. 2016)	Cumulative Target Values**				Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR 1	YR 2	YR3	YR4 (end of project target)			
PDO level indicators										
Indicator one: Direct project beneficiaries, of which female (20 percent)	R	Number	125, 313	125,313	150,000	185,000	200,000	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
	R	Percent	12.51	14.00	18.00	27.00	30.00			
Indicator two: Farm output subject to project supported post-harvest value adding schemes	R	Tons	R : 7,242 C : 11,384 S : 873.5	R : 9,400 C : 12,500 S : 873.5	R : 11,600 C : 13,800 S : 1,670	R : 14,000 C : 15,000 S : 2,870	R : 14,000 C : 15,000 S : 4,200	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Indicator three: Increase of crop and fisheries output, and of livestock population among project beneficiaries	R	Tons and number of heads	Cf: 17,010 Co : 10,384 SR : 64,029 P : 181,775 F : 6,951	Cf: 17,010 Co : 10,500 SR : 64,029 P : 181,775 F : 7,100	Cf: 17,400 Co : 10,800 SR : 71,943 P : 200,000 F : 7,300	Cf: 17,800 Co : 11,000 SR : 76,260 P : 225,000 F : 7,500	Cf: 18,000 Co : 11,000 SR : 87,000 P : 250,000 F : 7,500	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Indicator four: Rate of PNIASA financial execution	R	Percent	73.00	73.00	75.00	75.00	75.00	Annual	Supervision missions and annual assessments	MAEH- DPPSE Monitoring and Evaluation Unit of PASA
Intermediate Results Indicators										
Component 1. Promotion of strategic food crop, export crop and freshwater fish production										
Number of targeted clients who are members of created ESOP	R	Number	13,419	13,419	14,500	16,000	17,000	Annual	Supervision missions and annual assessments	Program Coordination Unit-Monitoring

	D=Discontinued C=Continue N=New R=Revised	Unit of Measure	Baseline (Achievements as of Dec. 2016)	Cumulative Target Values**				Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR 1	YR 2	YR3	YR4 (end of project target)			
										and Evaluation Unit
Farmers' organizations participating in the warrantage scheme	D	Number	28.0	28.0	28.0	28.0	28.0	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Area regenerated or newly planted (Coffee, Cocoa)	R	Hectare	Cf: 29,032 Co: 14,931	Cf: 29,032 Co: 17,400	Cf: 33,000 Co: 20,400	Cf: 37,000 Co: 22,000	Cf: 40,000 Co: 22,000	Annual	Supervision mission, annual assessments and surveys	DPPSE - Monitoring and Evaluation Unit PASA
Water area covered by new management plans adopted by fishers	D	Hectare	Lake Nangbeto: 18,000 Other water bodies: 6,800	Lake Nangbeto: 18,000 Other water bodies: 6,800	Lake Nangbeto: 18,000 Other water bodies: 6,800	Lake Nangbeto: 18,000 Other water bodies: 6,800	Lake Nangbeto: 18,000 Other water bodies: 6,800	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
New or upgraded fish farms	D	Number	186.0	186.0	186.0	186.0	186.0	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Component 2. Support for livestock sub-sector development										
Animal growers using superior breeding stock	D	Number	SR: 3,679 P: 3,800	SR: 3,679 P: 3,800	SR: 3,679 P: 3,800	SR: 3,679 P: 3,800	SR: 3,679 P: 3,800	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Farmers adopting improved animal husbandry practices	R	Number	SR: 4,945 P: 4,321	SR: 4,945 P: 4,321	SR: 5,300 P: 5,200	SR: 5,700 P: 6,200	SR: 6,000 P: 7,000	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA

	D=Discontinued C=Continue N=New R=Revised	Unit of Measure	Baseline (Achievements as of Dec. 2016)	Cumulative Target Values**				Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR 1	YR 2	YR3	YR4 (end of project target)			
Animals participating in the vaccination campaign	R	Number (1,000)	P: 13,234 SR: 2,166		P: 14,234 SR: 2,666	P: 15,234 SR: 3,166	P: 16,234 SR: 3,666	Annual	Supervision missions and annual assessments	DPPSE -DE Monitoring and Evaluation Unit PASA
Number of commercial farms (poultry and small ruminants) promoted under the matching grant scheme	N	Number	P: 86 SR: 84		P: 176 SR: 144	P: 266 SR: 204	P: 266 SR: 204	Annual	Supervision missions and annual assessments	DPPSE -DE Monitoring and Evaluation Unit PASA
Number of animals marketed by the commercial farms (poultry and small ruminants)	N	Number	P: 0 SR: 0	P: 0 SR: 0	P: 90,000 SR: 2,800	P: 280,000 SR: 7,900	P: 530,000 SR: 14,100	Annual	Supervision missions and annual assessments	DPPSE -DE Monitoring and Evaluation Unit PASA
Component 3: Support for capacity building and sector coordination										
Results based management and accountability system developed and implemented (1) MAEH structures using annual work plan and budgets in line with the RBMAS manual, and submitting activity reports to the Secretariat General in line with the RBMAS manual	D	Percent	95	95	95	95	95	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA

	D=Discontinued C=Continue N=New R=Revised	Unit of Measure	Baseline (Achievements as of Dec. 2016)	Cumulative Target Values**				Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR 1	YR 2	YR3	YR4 (end of project target)			
(2) Staff in MAEH structures participating in performance agreements in line with the RBMAS manual	R	Percent	71	71	73	75	75	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Training delivered to MAEH staff	R	Number of client days	RBM: 2,210 FM: 1,798 M&E: 2,017		RBM: 2,300 FM: 2,000 M&E: 2,200	RBM: 2,400 FM: 2,500 M&E: 2,400	RBM: 2,500 FM: 2,500 M&E: 2,500	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Number of sub-sectoral policies and implementation plans adopted	R	Number	7		8	9	9	Annual	Supervision missions and annual assessments	DPPSE - Monitoring and Evaluation Unit PASA
Number of reports published by project-supported organizations on findings of beneficiaries' feedback	N	Number	0	1	3	5	6	Bi-annual	Surveys and supervision missions	Civil Society and Project--supported Organizations

Note: R= Rice; C= Corn; S= Soybean; Cf = Coffee; Co = Cocoa; SR = Small ruminants; P = Poultry; F = Fish

Annex 2: Detailed Project Description

I. Project Development Objective and Key Indicators

1. The development objective and the components' structure of the original project will be maintained for the AF. The specific focus of each component is described below. The PDO are to (i) rehabilitate and reinforce productive capacities among targeted beneficiaries across selected Value Chains, and (ii) foster an enabling institutional environment for the development of the agricultural sector, in the Recipients' territory.

2. The PDO level expected outcome indicators of the project are: (i) farm output subject to project- supported post-harvest value-adding schemes (rice, corn); (ii) increase in crop (coffee, cocoa) and continental fisheries output, and in livestock population (small ruminants, poultry) among project beneficiaries; (iii) rates of PNIASA financial execution (for PASA, PADAT and WAAPP altogether), and (iv) number of direct beneficiaries.

II. Description of AF Activities

3. **Component 1: Promotion of strategic food crops, export crops and freshwater fish production (US$9.10 million equivalent from IDA).** This component aims at improving productivity and value-addition of key commodities, chosen for their growth potential and poverty reduction impact, by putting more emphasis on (i) enhanced productivity; (ii) improved quality standards; and (iii) better access to market for the targeted commodities. It covers food crops, export crops and fish production.

4. **Sub-component 1.1: Support for food crops development (US$3.75 million equivalent from IDA).** Food crops are a major source of livelihood and food security for the rural poor in Togo. In particular, maize, rice and cassava are present in almost all farming systems in the project area. Thus, the support directed at food crops is expected to yield significant returns for the rural poor. Based on the results achieved under the original project, using the ESOP model, crop output increased (about 5,962 tons of rice were collected and processed by the ESOP and 11,384 tons of maize was collected under the warrantage scheme). This created jobs and led to positive impact on the incomes of project beneficiaries. A lack of sufficient storage facilities and product quality enhancing equipment, however, have been the key constraints for many of the created ESOP.

5. Under the additional financing (AF), the sub-component will further support : (i) scaling-up of the 20 ESOPs established under the original project, through the construction of small infrastructure (warehouses and drying areas), the provision of equipment to improve the quality of processed products, capacity building for better management, marketing of final products and increased profitability; (ii) provision of technical assistance to former beneficiaries of micro projects to further develop their enterprises to make them more profitable and competitive; (iii) selection of new beneficiaries under the competitive and matching grants schemes; (iv) upgrading of top performers among the financed micro projects into small and medium enterprises through training and support for the preparation and funding of business plans, using the guarantee fund set up under the original project. The project will contract a specialized service provider for carrying out this transformation exercise; and (v) launching of information and communication campaigns to promote Togolese food products in local and regional markets. This sub-component will build on synergies with WAAPP, especially in the area of improved technologies as well as capacity building of the producer organizations, supported by the IFAD-funded PNPER to boost

productivity and promote the development of viable SMEs in the project area.

6. **Sub-Component 1.2: Support for export crops (US$3.22 million equivalent from IDA).** Production of coffee and cocoa declined from 30,000 tons in the mid-90s (15,000 tons each for coffee and cocoa) to about 13,000 tons of coffee and 6,000 tons of cocoa in 2011 when the project was about to start. The production increased with the support of the project, and now stands at 17,010 tons for coffee and 10,384 tons for cocoa. The production of cotton, which is a crucial cash crop especially in the northern part of the country, had dropped from 180,000 tons in 2000 to 30,000 tons in 2008/2009. A critical factor for the recovery of the sector is the strengthening of producers' organizations, which had received very limited support. The project brought positive changes in both the governance of the cotton sector as well as the operational capacity of FNGPC through participation of grassroots cotton farmers' organizations in the decision making process and through implementation of capacity building plans of the Federation. Based on good results achieved so far, the project will provide further assistance to the three traditional cash crops' value chains (cotton, coffee and cocoa) with an emphasis on productivity enhancement, quality improvement and institutional support. For cotton, the project will continue its support to institutional strengthening of the producers' organization (Togo Federation of Cotton Producers' Groups-FNGPC) so that it can assume full responsibility for input distribution to farmers, and participate effectively in the governance of the sector as a strategic stakeholder. For coffee and cocoa, the project will continue its support for regeneration of existing plantations and extensions in favorable zones through (i) provision of technical advisory services under the coordination of the Togo Institute for Agricultural Extension (ICAT); (ii) distribution of good quality planting materials; and (iii) assistance for quality improvement of coffee and cocoa products. The project will also provide further support to the created Coffee and Cocoa Inter-profession.

7. **Sub-Component 1.3: Support for freshwater fish production (US$2.13 million equivalent from IDA from IDA)**. Despite Togo's warm climate and abundance of aquaculture sites, fish production from aquaculture was just about 50 tons in 2011 when PASA was started. Catch from inland waters had declined from 5,000 tons in 1997 to less than 1,000 tons in 2010. With the project support, fish production increased significantly and stood at 6,951 tons as of November 2016. Based on these achievements, the AF will focus on improving the management of inland fisheries and developing fish farming. Thus, the AF will support the supply of and access to fingerlings, feed, finance, markets and training in order to improve the profitability of existing fish farms. The project will promote, in collaboration with WAAPP, the dissemination of technical packages and best management practices in fish farming, and provide assistance for data collection at farm level to better document and monitor performance of the fish farms. It will also provide support to fish processing activities (with an emphasis on quality improvement of smoked fish) through competitive and matching grants schemes, and will assist in the implementation of the national strategy for fish farming development. As in the original project, some small inland water bodies will continue to be re-stocked with fish and will be further assisted in implementing their adopted co-management plans. The project will also continue supporting the provision of legal-size fishing nets for Lake Nangbeto fishers, and the designing and implementation of a sustainable funding mechanism in line with the adopted co-management plans, with the aim of pursuing an exit strategy through gradual phasing out of the project support.

8. **Component 2. Support for livestock sub-sector development (US$6.40 million equivalent from IDA).** The objective of this component is to assist small farmers in developing and enhancing animal production to increase their income and achieve a better nutritional balance at the household level. Based on the experience gained under the original project, the support will focus on poultry and small ruminants, which are mostly raised by poor and vulnerable rural producers. The project activities under this component will focus on three key areas: (i) launching country-wide de-worming and vaccination campaigns against Newcastle disease for poultry and against small-ruminants' rinderpest (PPR) for goats and sheep, while strengthening the pilot sustainable mechanism of revolving fund for vaccine procurement and administration, already tested during the implementation of the original project. Vaccination campaigns will be launched through existing private sector service providers in collaboration with MAEH's public veterinary network, which will assure oversight of all vaccination activities.

9. The de-worming and vaccination impact will be sustained through the epidemiological surveillance, assured by the rural and frontier services of REMATO; (ii) support to the development of small scale commercial poultry and small ruminants farms through provision of matching grants, training and technical assistance to the producers, based on good results achieved through pilot experiences, developed under the parent project; and (iii) assistance for processing, quality improvement and enhanced access to markets for animal products through the establishment of small-scale culling areas in key livestock rearing regions in the country, and capacity building of livestock producers in proper organization of marketing (consolidated sales) of animal products (especially for poultry and small ruminants). Once specific locations of these culling areas are identified, environmental impact assessment studies will be conducted and appropriate safeguards measures will be taken.

10. **Component 3. Support for capacity building and sector coordination (US$4.50 million equivalent from IDA).** The objective of this component is to further strengthen the capacity of MAEH to coordinate the implementation of the project, and manage other PNIASA investments.

11. **Sub-component 3.1: Reform and capacity building of MAEH (US$2.70 million equivalent from IDA).** The project will provide support to MAEH with an increased focus on its subsidiary agencies at regional/local levels, particularly in the areas of results-based management and accountability system (RBMAS), and strengthening of fiduciary management capacities and equipment. Specifically, the project will finance: (i) support for the continued implementation of the RBMAS, fiduciary management and M&E systems; (ii) the training plan of MAEH staff, to ensure effective capacity building; and (iii) conducting critical technical studies to accompany the sector policy (like PNIASAN under preparation) and their public dissemination.

12. **Sub-component 3.2: Sector coordination, program management and support to financial instruments (US$1.80 million equivalent from IDA).** The sub-component will strengthen MAEH's capacity to coordinate the implementation of the project and PNIASAN. To this end, the sub-component will finance activities related to the supervision and M&E of the project and PNIASAN. In addition, with the objective of better service delivery to beneficiaries, the project will further strengthen the implementation framework of financial support instruments, namely (i) matching grants; (ii) competitive funds; and (iii) credit guarantee fund in order to ease access to finance for project beneficiaries. As such, the project will support sound management of these instruments and the guarantee fund, provided by the Government of Togo with the assistance to be provided by a public entity experienced in this area, and by the

Inter-Ministerial Management Committee. The guarantee fund is meant to facilitate access to financial services for SMEs and experienced promoters who develop activities that have a proven record of financial profitability. The updated PIM will define the matching grants and the competitive grants mechanisms, including the selection process and eligibility criteria for various categories of beneficiaries. Expenses eligibility criteria, corresponding funding ceilings, cost sharing arrangements, as well as relevant documentation of disbursements will be specified for each type of sub-project.

13. **Gender.** During project implementation, an assessment of the roles of women and men in the targeted value chains, both food and cash crops, livestock (poultry and small ruminants) as well as fisheries, will be undertaken to design specific activities along the value chains where women can play a more important role, in order to boost their employment or participation in entrepreneurship activities. The matching grant schemes will include training tailored to women beneficiaries and will mainly focus on helping micro projects grow into successful SMEs, led either by women entrepreneurs or to create more jobs for youth and women.

14. **Nutrition.** The original project promoted activities that contributed to nutrition, such as (i) improved food processing by ESOP (parboiled rice, soybeans), and by sub-projects, funded under the matching grants and competitive funds scheme such as the development of horticultural crops like vegetables and tomatoes (under subcomponents 1.1 and 3.2); (ii) the development of animal protein supply such as fish (Component 1), poultry and small ruminants (Component 2). Under the AF, these activities will be complemented by nutrition education (through extension programs), and awareness messages that can help in increasing consumer demand for nutritious foods. In addition, sensitization on best practices for aflatoxin control will be undertaken with particular emphasis on post-harvest storage and adequate food processing. All project activities, geared at increasing women's income and reducing time and labor constraints, will likely have a positive impact on the nutrition status of women.

15. **Climate change**. Togo has identified several climate change mitigation approaches for livestock farming, rice cultivation, farmland and the burning of savannahs. Concerning livestock (Component 2), mitigation actions involve the introduction of fodder to improve animal digestion, support in the promotion of improved local breeds. In this regard, some project activities will be adjusted under the AF to align with these commitments. The project will also develop synergies with relevant programs such as the National Program for Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation (REDD+) (2010-2050).

16. **Citizen engagement.** Three main approaches will be used to increase citizen engagement in the project: (i) Collaboration: representatives of Civil Society Organizations (CSOs) are already members of the Project Steering Committee (CIPS) where they echo the voices of the beneficiaries and participate in the decision making concerning the implementation of project activities; (ii) Collecting, recording and reporting on inputs from citizens: beneficiaries' feedback on project implementation (effectiveness, inclusiveness, quality, delivery, and targeting) will be collected periodically during supervision missions and during evaluation of project achievements through focus group discussions and satisfaction surveys. The information gathered would then be used to improve project implementation and to address issues raised by the beneficiaries for better results; and (iii) Citizen led monitoring: CSOs and communities will be involved in Bank supervision missions as well as in joint evaluation of project results upon completion of the project.

Annex 3: Implementation Arrangements

Project Administration Mechanisms

1. The proposed AF does not foresee any significant changes in terms of implementation arrangements. The AF will be implemented by MAEH under the responsibility of the Secretariat General who will delegate the operational responsibility of the PASA Project to a PASA Project Coordinator. Working in collaboration with the Directorate in charge of Planning and the Directorate in charge of Financial Affairs, this MAEP coordination team (PASA Delegated Operational Coordination) will be in charge of the fiduciary aspects, planning, progress reporting, and overall management of the project. The implementation of project activities will rest with delivery agencies, including MAEH"s directorates and agencies, private service delivery partners, producer organizations and NGOs. The fiduciary and technical assistance being provided by an international consultancy firm (ICF), started under the parent project, will be discontinued in view of the fact that the capacity building activities during the parent project have yielded significantly positive results in this area. Short- term consultancies will be sought as needed.

2. An Inter-Ministerial Steering Committee (*Comité Interministériel de Pilotage Stratégique*-CIPS), chaired by the Minister of Agriculture, will oversee the overall PNIASA implementation, including activities financed by this project. The Technical Steering Committee for the Agricultural Sector (*Comité Technique de Pilotage*-CTP), chaired by the General Secretary of MAEP, will: (i) monitor the developments and progress in the agricultural sector; (ii) facilitate dialogue with technical and financial partners for implementation of the sector program and projects; (iii) monitor, and coordinate with all partners involved in PNIASA implementation; (iv) review and approve the annual work plans for the project, and make recommendations for improvement; (v) review and approve technical and financial reports of project implementation before their submission to CIPS; and (vi) organize project performance reviews. Implementation of the AF activities will also be supported by strategic institutional and technical partners, as well as service providers (other agencies, NGOs, etc.) who will be contracted through: a) result-based MOUs for public service providers and other projects, and b) result- based contracts for private service providers and NGOs.

Financial Management

3. An FM assessment of the implementing unit (PCU) of PASA, designated to manage the AF, was carried out in December 2016. The objective of the assessment was to determine whether the PCU has acceptable FM arrangements in place to ensure that the project funds will be used only for intended purposes, with due attention to considerations of economy and efficiency. The assessment complied with the Financial Management Manual for World Bank-financed investment operations effective March 1, 2010.

4. Arrangements are acceptable if they are capable of accurately recording all transactions and balances, supporting the preparation of regular and reliable financial statements, safeguarding the project's assets, and are subject to auditing arrangements acceptable to the Bank. These arrangements should be in place when project implementation starts and be maintained as such throughout the project implementation. The assessment concluded that the financial management of the PCU satisfies the Bank's minimum requirements under OP/BP 10.00, and therefore, is

adequate to provide, with reasonable assurance, accurate and timely financial management information on the status of the project, required by the Bank.

5. The overall fiduciary risk is rated as Moderate and the mitigation measures proposed (see FM Action Plan) will maintain both the timeliness and reliability of the information, produced by the PCU, as well as an adequate internal control environment**.**

Issue	Remedial action recommended	Responsible entity
Accounting software	Configuration of the existing version to reflect the AF by September 14, 2017	PCU
External auditing	Revision of the Terms of Reference of the current external auditors to reflect the AF by December 14, 2017	PCU

(i) ***Staffing***: the current FM team of the PCU will handle the FM aspects of the AF. An experienced and qualified FM Manager heads the team. In addition, as the current FM staffing arrangement is adequate, no additional staff would be required.

(ii) ***Budgeting and planning****:* The annual work program and budget preparation, and approval procedures will follow the same arrangements as currently in place; they are in compliance with the FM procedures manual (approved by the Steering Committee and submitted to IDA annually before end of the year).

*(iii)****Accounting software****:* The current accounting software has been acquired and installed and will be customized to accommodate activities of the AF.

*(iv)****Internal controls/ FM procedures manual****:* The internal control system comprises the CTP (*Comité Technique de Pilotage du Secteur Agricole*/Agricultural Sector Technical Steering Committee) which oversees the project activities, an FM procedures manual which defines control activities, and an internal audit function which carries out ex-post reviews and evaluates the overall performance of the internal control system. The current FM manual is acceptable to IDA, and would be used for the AF. No additional updates would be required.

(v) ***Internal audit****:* The internal audit function of the ongoing Togo Agricultural Sector Support Project (P118045) is under the responsibility of an individual Internal Auditor in collaboration with the Government General Inspection of Finance (IGF). The arrangement is satisfactory and would be applicable to this AF. The work program of the Internal Auditor will be revised to take into account the project specificities.

*(vi)****Interim financial reporting****:* The current content and format of the IFRs are acceptable to IDA and will remain unchanged. The AF's activities will be consolidated in the current IFR; they will be prepared every quarter and submitted to the Bank (45 days after the end of each quarter) in form and substance that comply with IDA Financial Management reporting requirements.

(vii) **Annual financial reporting.** The PCU will produce project annual financial statements, which will comply with SYSCOHADA[3] and Bank requirements. Financial statements may comprise:

- Project presentation and project developments and progress during the year, as context (or other explanations of) for the financial information reported;
- Statement of sources and uses of funds that recognizes all cash receipts, cash payments, and cash balances;
- A statement of commitments;
- Accounting policies adopted and explanatory notes;
- Assertion by the management that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

(viii) ***External audit****:* The AF audit arrangements will be similar to those of the ongoing PCU-managed projects, i.e. project accounts will be audited annually and reports submitted to IDA not later than 6 months after the end of each year. The AF is expected to become effective on September 14, 2017; consequently, the first audit report would be due on June 30, 2019. The Term of Reference of the project external auditor covering all the project expenditures will be updated, taking into account specificities of the AF. At the time of submission of Board Package, there were no overdue audit reports under the ongoing PCU-managed projects. The AF will comply with the Bank disclosure policy of audit reports (make publicly and promptly available after the receipt of all final financial audit reports with whatever the opinion), and post the information provided on the official website within one month of the final acceptance by the team.

Disbursement Arrangements and Flows of Funds

6. ***Flows of funds - Designated Account.*** A new Designated Account (DA), denominated in FCFA, will be opened in a commercial bank acceptable to IDA. The PCU will manage that account, which will receive IDA advances to pay for project expenditures eligible under the credit financing. Interest income earned on the DA will be deposited into the project account. Additional advances to the DA will be made on a monthly basis against withdrawal applications, supported by Statements of Expenditures (SOE) or records as specified in the Disbursement Letter (DL).

7. ***Disbursement arrangements.*** Transaction-based disbursements will be used upon AF effectiveness. Replenishments to the Designated Account will be made against withdrawal applications, supported by Statements of Expenditures (SOE) and other documents as specified in the Disbursement Letter. All supporting documents should be retained by the project team and be readily accessible for reviews by IDA implementation support missions and external auditors. The option of disbursing the funds through direct payments to suppliers/contractors for eligible expenditures will also be available for payments equivalent to or more than twenty percent (20%) of the DA ceiling. Another acceptable method of withdrawing proceeds from the IDA credit is the special commitment method whereby IDA pays amounts to a third party for eligible expenditures incurred by the recipient under irrevocable Letter of Credit (LC).

[33] This is a standardized and harmonized accounting system adopted by many francophone countries including Benin

8. The option to disburse against submission of quarterly unaudited IFRs (also known as the report-based disbursements) could be considered at any time subject to both the quality and timeliness of the IFRs submitted to the Bank, as well as the overall FM arrangements as assessed in due course. In the case of the use of the report-based disbursement, the DA ceiling will be equal to the cash forecast for two quarters as provided in the quarterly unaudited Interim Financial Reports. In case the project were to use the IFRs as the basis for disbursements, their contents and format will be revised to include disbursement-related information.

9. ***Disbursement of funds to service providers and suppliers.*** The PCU will make disbursements to service providers and suppliers of goods and services for specified activities under the AF in accordance with the payment modalities, as specified in the respective contracts/conventions as well as the procedures described in the project's Administrative, Accounting and Financial Manual. In addition to these supporting documents, the project will consider the findings of the internal audit unit while approving the payments. The PCU, with the support of its internal audit unit, will reserve the right to verify the expenditures ex-post, and refunds might be requested for non-respect of contractual clauses. Misappropriation of resources toward the funding of activities could result in the suspension of financing for a given entity.

10. ***Governance and Accountability.*** As designed under the ongoing Togo Agricultural Sector Support Project (P118045), the Government of Togo will continue to ensure that the project is implemented in accordance with the provisions of the Anti-Corruption Guidelines of the Bank.

11. **Implementation *Support Plan.*** Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure that the project maintains a satisfactory financial management system throughout the project's life.

FM Activity	**Frequency**
Desk reviews	
Interim financial reports review	Quarterly
Audit report review of the project	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	Once per year (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	During implementation and as and when needed

12. **Procurement.** The New Procurement Framework including Procurement Regulations for Borrowers that apply to projects with concept review meeting held after July 1st, 2016, would

normally apply to this project. However, the Borrower requested to continue to use the Bank's Procurement and Consultant Guidelines of 2010 editions (as referred to in the Financing Agreement) for the proposed additional financing in order to ensure continuity with the original project. The waiver was granted by the Chief Procurement Officer (CPO). The proposed AF will therefore use the same procurement rules in accordance with: (a) the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants" dated January, 2011; revised July, 2014, and (b) "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January, 2011, revised July, 2014. Although procurement by PASA has been quite challenging, the PCU has conducted procurement activities for the parent project in a moderately satisfactory manner.

13. Since the contract of an international firm (SOFRECO), hired to provide procurement training and on-the job coaching, will end before the AF effectiveness, a series of measures will be undertaken by the project to strengthen the PCU procurement capacity: i) the procurement counterpart will be maintained; (ii) a procurement consultant will be hired for two years to coach the procurement counterpart. The Bank procurement specialist will conduct regular supervisions and a post- procurement review at least once a year. Regarding risk, given the experience under the parent project and mitigation measures proposed, the procurement risk is rated Substantial.

14. Procurement arrangements of the parent project will remain largely the same under the proposed AF, subject to the following changes to the existing procurement arrangements:

(i) **Guidelines:** Procurement for the proposed AF will be carried out in accordance with: (a) the World Bank's *"Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants"* dated January, 2011; revised July, 2014, and (b) *"Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers"* dated January, 2011, revised July, 2014.

(ii) **Procurement of Works.** Activities under works to be financed by IDA are rehabilitation, storage and other facilities. Contracts of works estimated to cost US$5,000,000 equivalent or more per contract will be procured through ICB. Contracts estimated to cost less than US$5,000,000 equivalent may be procured through NCB. Contract estimated to cost less than US$200,000 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 opened at the same time, provided the supplier has necessary experience and resources to execute the contract successfully. For shopping, the project procurement officer will keep a register of suppliers, to be updated at least every six months.

(iii) **Procurement of Goods.** The goods to be financed by IDA would include seeds, fertilizer and improved technologies. Similar goods that could be provided by a same vendor would be grouped in bid packages estimated to cost at least US$500,000 per contract and would be procured through ICB. Contracts estimated to cost less than US$500,000 equivalent may be procured through NCB. Goods estimated to cost less than US$100,000 equivalent per contract may be procured through shopping procedures. For shopping, the project procurement officer will keep a register of suppliers, to be updated at least every six months.

(iv) **Selection of Consultants.** The project will finance consultant services for activities such as technical studies, surveys, financial audits, engineering designs and supervision of works, training and workshop facilitation. Consultant firms will be selected through the following methods: (a) selection based on the quality and the cost (QCBS); (b) selection based on the consultant's qualification (CQS) for contracts whose amounts are less than US$300,000 equivalent and are relative to exceptional studies and researches, which require a rare and strong expertise; (c) Least Cost Selection (LCS) for standard tasks such as insurance, 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 3.8 to 3.11 of Consultant Guidelines. Individual consultants (IC) will be hired in accordance with paragraph 5.1 to 5.6 of Bank Guidelines; Sole source may be used only with prior approval of the Bank. Whatever the cost, any Terms of Reference needed for consultant selection must get prior approval of the Bank.

(v) **Short lists of consultants for services** estimated to cost less than US$100,000 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.

Thresholds for procurement methods and prior review

Expenditure category	*Contract value (threshold) (US$)*	*Procurement method*	*Contract subject to prior review (US$)*
1. Works	*≥5, 000,000*	*ICB*	*All contracts of 10, 000,000 and more*
	<5,000,000	*NCB*	*None*
	<200,000	*Shopping*	*None*
2. Goods	*≥500,000*	*ICB*	*All contracts of 2, 000,000 and more*
	<500,000	*NCB*	*None*
	<100,000 for goods and commodities	*Shopping*	*None*
	<500,000 for fuel and vehicles	*Shopping*	*None*
	No threshold	*Direct contracting*	*All contracts*
3.Consultancy	*≥300,000*	*QCBS*	*All contracts of 1,000,000 and more*
	<300,000	*QCBS; LCS; CQS; Other*	*All contracts of 200,000 and more*
	≥300,000	*IC*	*All contracts of 300,000 and more*
	<300,000	*IC*	*None*
	No threshold	*Single Source (Selection Firms & Individuals)*	*All contracts*
4. Training	*Annual Plan*		*All Training*
All Terms of Reference regardless of the value of the contract are subject to prior review			

15. **Procurement *capacity and risk.*** The PCU has carried out procurement activities for the parent project in a satisfactory manner. As the contract of the international firm (SOFRECO) hired to provide specialized procurement training and on-the-job coaching will end before AF effectiveness, the project will undertake a series of measures to strengthen the PCU procurement capacity: i) The procurement counterpart will be maintained; (ii) One procurement consultant will be hired for two years to coach the procurement counterpart; (iii) The Bank Procurement Specialist will conduct regular supervisions as well as a post-procurement review at least once a year. Given the experience gained under the parent project, and the proposed mitigation measures, the procurement risk is rated Substantial.

16. ***Procurement plan.*** The client has finalized the procurement plan for the first eighteen (18) months of the project and this plan has been endorsed by the Bank during negotiations.

17. **Environmental and Social Safeguards**. The AF triggers the same safeguard policies as the original parents: OP/BP 4.01 on Environmental Assessment; OP4.09 on Pest Management; and OP/BP 4.12 on Involuntary Resettlement. Both the original and the proposed AF project are rated as environmental assessment Category B. No additional new safeguards policies were triggered. Environmental and social impact of the project is expected to be moderate, site- specific, and manageable. The project is expected to have a positive environmental impact through its support for agricultural technologies that promote proper use of land and water resources. Potential environmental risks could include point and non-point pollution of water sources, and other issues associated with the use of agricultural chemicals, and negative environmental impact associated with the rehabilitation of irrigation or small-scale civil works. They have been updated to include activities planned under the AF, consulted upon and publicly disclosed in-country on February 3, 2017 and through the InfoShop on February 3, 2017 prior to project appraisal. The latest implementation support mission (December, 2016) rated the safeguard compliance Satisfactory, based on a review of progress reports and project site visits. The PMU enjoys extensive experience in Bank's safeguard policies. Also, a dedicated team has been assigned to follow up on environmental and social issues, with emphasis on the implementation of the safeguard instruments. In addition, the national body in charge of environmental and social management plans (ESMPs) implementation monitoring (*ANGE-Agence Nationale de Gestion de l'Environnement*) will ensure the compliance with national legislation while Bank's safeguards specialists will provide guidance to the PCU through regular supervision missions.

18. The AF is expected to have a positive environmental impact through its support for agricultural technologies that promote better use of land and water resources, and mitigate climate change risks. The activities covered by the AF and the intervention area remain the same as in the parent project. The safeguard rating of category B and the type of policies activated under the original project will be maintained for the AF. The PASA safeguards instruments - Environmental & Social Management Framework-(ESMF), the Pest Management Plan (PMP) and a Resettlement Policy Framework (RPF) – have been updated and disseminated in the country.

19. Implementation of the safeguard measures for the parent project has been rated satisfactory by the social and environmental safeguards specialists of the Bank during the last Implementation Support Mission (ISM) in December, 2016. The ministry has dedicated social and environmental safeguard Focal Points who oversee the implementation of the social and environmental safeguards and identify mitigation measures. A recent assessment indicates that the safeguard Focal Points have the required knowledge and are regularly screening project activities to ensure that mitigation measures are identified and implemented. Moreover, the ESMF includes further

provisions for capacity strengthening at all levels for the successful implementation of the project safeguard measures in compliance with national and Bank safeguard policies. The PMP sets forth the basic principles to follow in order to adequately handle possible usage of pesticides. Likewise, since this is uninterrupted continuation of the first phase, the ESMF and the PMP are being reviewed for posting on the Ministry of Agriculture's websites.

Policy Exceptions and Readiness

20. Waiver to apply the Bank's Procurement and Consultant Guidelines of 2010 edition as referred to in the Financing Agreement so that the AF can be processed in time and implemented in necessary synergies and continuity with the original project, was sought and granted.

21. The project is fully operational. All conditions are in place to ensure that the implementation of proposed activities can be scaled-up as soon as the credit is declared effective.

Annex 4: Economic and Financial Analysis

I. Introduction

1. This annex presents economic and financial analysis (EFA) of the World Bank-funded PASA-AF. The analysis mainly focuses on returns from the investments under Components 1 and 2 (support to productive sub-sectors). For Component 3 (Support for capacity building and sector coordination), no cost-benefits analysis has been undertaken as benefits arising from institutional strengthening are hard to quantify. More specifically, the analysis estimates returns at farm enterprises and national levels from improved efficiency in value chains, supported by the project.

2. Benefits are expected to be received from: (i) improved farm animal productivity (small ruminants, poultry) through support to: (a) animal health and disease control program; (b) the provision of enhanced farm animal habitat, using local materials; and (c) re-stocking with locally available improved breeding herds and flocks to compensate for asset depletion and mortality; (ii) Improved aquaculture production (catfish/tilapia) where expected yield increases will be from: (a) use of improved and more adapted fish feeding (better formulation of fish-feed); (b) the dissemination of improved fingerlings resulting from better hatchery practices; and (c) the adoption of improved fish farm management practices; (iii) enhanced food crops processing activity, which is due to benefit from the support to: (a) scaling up of the successfully piloted ESOP model for processing key products (such as rice, soybeans, palm kernel oil); (b) innovative initiatives, supported under the matching grant and competitive fund scheme; (iv) Improved export crop production, which is by virtue of yield increases from assistance for regeneration of the existing plantations (and some extensions in favorable zones) through: (a) provision of adapted technical advisory services; and (b) provision of good quality planting material. The project also creates a number of positive externalities under all components, which have not been fully quantified because of the difficulty in assessing in monetary terms the effects of institutional strengthening and capacity building.

3. The EFA describes in some detail the methodology for assessing benefits to be derived from project activities. The EFA demonstrates that the proposed investments of the AF are financially and economically justified at farm enterprises and country level. The financial analysis aims at demonstrating that proposed on-farm income generating activities are profitable and sustainable for farmers. On the other hand, the economic analysis aims at demonstrating that, from a socio-economic perspective, the project as a whole is viable, taking into account, as much as possible, all quantitative and non-quantitative benefits in situations with and without project. Results, expressed in terms of the project's economic internal rate of return (EIRR) and net present value (NPV), are presented for the baseline scenario and for the sensitivity analysis. The analysis uses farm models and mainly focuses on the returns from the investments on farm enterprises within the targeted priority value chains under the first two components

II. Methodology, limitations and assumptions

4. **Methodology.** The approach follows that of Gittinger (1982)[4], Belli et al. (2001)[5] and is in line with recently published guidelines on economic and financial analysis[6].

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[4] Gittinger, P., 1982, Economic analysis of agricultural projects

[5] Belli, P., J.R. Anderson, H.N. Barnum, J.A. Dixon, and J-P. Tan (2001), Economic Analysis of Investment Operations: Analytical Tools and Practical Applications. WBI Development Studies, World Bank Institute, World Bank, Washington, D.C.

[6] IFAD, 2015, Economic and Financial analysis of rural investment projects, basic concepts and rationale.

5. **The financial analysis** was performed from the perspective of project beneficiaries. The private cost-benefit analysis, based on farm budgets, computed the costs and benefits experienced by the beneficiaries, using market prices. For the first benefit stream, profitability measures (gross margins) were calculated for food crops, livestock and aquaculture enterprises. To derive overall returns, the benefit streams from individual enterprises were aggregated, using the number of sub-projects expected to be generated during project implementation. The total benefit streams were compared to project costs to derive the Net Present Value (NPV) and to compute the project financial and economic internal rates of return.

6. **The economic analysis**, in turn, was performed at national level from the society/country viewpoint. The analysis aggregated incremental benefits to the total number of beneficiaries, while deducting total project economic costs, to determine whether investments were viable from the perspective of the society. The economic analysis also differed from the financial analysis due to a shadow price that was assumed for main project inputs and outputs.

7. **Limitations of the EFA.** Some activities of PASA-AF are based on demand-driven approaches. The *ex-ante* EFA of investments that are locally identified during implementation is always difficult to perform because it is not possible to fully predict in advance: (i) which combinations of technologies will be pursued by the beneficiaries; and (ii) what will be the exact cost and benefits of these activities. For this reason, EFAs for such demand-driven projects are not always performed. The present analysis, however, attempted to build the EFA on activities within targeted values chains that are broadly known by the stakeholders, supported by the project under different components.

8. **Market prices.** The calculations used average price data, collected during pre-appraisal missions. Price data were not disaggregated around the production cycle (therefore ignoring the sometimes significant price fluctuations during the cropping cycle). All prices were given in average 2016 prices.

9. **Economic prices.** Import and export parity prices were calculated for some of the main tradable inputs and outputs, using Free on Board (FOB) and Cost Insurance Freight price (CIF) to adjust market values to economic values applying a conversion factor (CF). Project financial costs were converted into economic costs through COSTAB's algorithm that removes the effects of inflation and transfer payments (i.e. taxes and subsidies).

10. **Discount rate.** To calculate the economic NPV, future net incremental benefits were discounted using a social discount rate. The choice of the social discount rate is based on the recent recommendations of the Bank found in the "Technical Note on Discounting Costs and Benefits in Economic Analysis of World Bank Projects". This Note recommends using a 6 percent discount rate in World Bank's project evaluations. This discount rate was applied in the context of PASA-AF.

III. RESULTS

11. **EIRR and NPV.** Based on these assumptions, the analysis shows that the AF is economically viable at national level. The Net Present Value (NPV), consolidated at the national level is approximately US$30.7 million for a 15-year project cycle. The Economic Rate of Return (EIRR) for the entire project is estimated at 21.0 percent.

12. **Sensitivity analysis.** A sensitivity analysis was performed using some of the main variables affecting the model. The results are also encouraging even when one considers rising cost of 30 percent, decrease benefits of 30 percent and a two-year delay in the generation of benefits. The corresponding EIRR with these three scenarios are respectively 17.9 percent, 16.8 percent and 15.6 percent and the corresponding NPV are US$27.2 million, US$18.0 million and US$18.4 million respectively. The sensitivity analysis is summarized below:

Table 4.1: Sensitivity Analysis

	EIRR	**NPV**	
		Millions F CFA	Million US$
Base (VAN = 0)	21.0%	17 810.5	30.7
Costs increase by 10%	19.9%	17 140.2	29.6
Costs increase by 20%	18.8%	16 470.0	28.4
Costs increase by 30%	17.9%	15 799.8	27.2
Gross margin decrease by 10%	19.7%	15 359.2	26.5
Gross margin decrease by 20%	18.3%	12 907.9	22.3
Gross margin decrease by 30%	16.8%	10 456.7	18.0
Project benefits delayed by 1 year	18.2%	14 151.0	24.4
Project benefits delayed by 2 years	15.6%	10 698.6	18.4

Annex 5: Greenhouse Gas Accounting

1. **Corporate mandate**. In its 2012 Environment Strategy, the World Bank has adopted a corporate mandate to conduct greenhouse gas (GHG) emissions accounting for investment lending in relevant sectors. The ex-ante quantification of GHG emissions is an important step in managing and ultimately reducing GHG emission, and is becoming a common practice for many international financial institutions.

2. **Methodology.**

To estimate the impact of agricultural investment lending on GHG emission and carbon sequestration, the World Bank has adopted the Ex-Ante Carbon-balance Tool (EX-ACT), which was developed by the Food and Agriculture Organization of the United Nations (FAO) in 2010. EX-ACT allows the assessment of a project's net carbon-balance, defined as the net balance of CO_2 equivalent GHG that were emitted or sequestered as a result of project implementation compared to a without project scenario. EX-ACT estimates the carbon stock changes (emissions or sinks), expressed in equivalent tons of CO_2 per hectare and year.

3. **Project boundary.** Please list project activities for which GHG accounting is undertaken.

a. Land use change from set-aside and grassland to coffee and cocoa with 16,000 ha

b. Improved practices for annuals

Table 5.1: Climate-smart intervention practices

Crop	Improved agronomic practices	Nutrient manage ment	No tillage/residues management	Water manage ment	No residue burning	Manure applicati on	Area (ha)
Corn	✓	✓	✓		✓	✓	30,000
Rice	✓	✓	✓	✓	✓	✓	5,000
Soybean	✓		✓		✓		1,000

c. Increase in heads of sheep and goats and adoption of mitigation option for feeding practices and breeding for sheep

d. Increase in use of fertilizers: Urea 1,635 tons of N per year, chemical N fertilizer 800 tons of N per year, Phosphorus 2,100 tons of P2O5 per year, and Potassium 2,100 tons of K2O per year.

e. Aquaculture: increase in annual production and quantity of feed for tilapia and catfish ponds

4. **Key assumptions.** Togo has tropical climate with moist moisture regime. The dominant soil type is LAC. The project implementation phase is 3 years and the capitalization phase is assumed to be 17 years. The 20 years implementation period is standard in the use of EX-ACT.

5. **Results.** The net carbon balance quantifies GHGs emitted or sequestered as a result of the project compared to the without project scenario. Over the project duration of 20 years, the project constitutes a carbon sink of 4,352,015 tCO_2-eq. The project provides a sink of 84 tCO_2-eq per ha, equivalent to 4.2 tCO_2-eq per ha per year. The main carbon sinks are primarily from agroforestry and improved practices on annuals.

Table 5.2: Results of the ex-ante GHG analysis

	Over the economic project lifetime (tCO2 eq)			**Annual average (tCO2 eq/ year)**		
Project activities	**GHG emissions of without project scenario (1)**	**Gross emissions of project scenario (2)**	**Net GHG emissions (2-1)**	**GHG emissions of without project scenario (3)**	**Gross emissions of project scenario (4)**	**Net GHG emissions (4-3)**
Land use change to coffee and cocoa	0	-13,449	-13,449	0	-672	-672
Improved practices on annuals	134,498	-1,786,363	-1,920,862	6,725	-89,318	-96,043
Agroforestry	0	-2,952,800	-2,952,800	0	-147,640	-147,640
Livestock	369,233	380,870	11,637	18,462	19,044	582
Fertilizers	0	522,800	522,800	0	26,140	26,140
Aquaculture	346	1,005	659	17	50	33
Total	**504,077**	**-3,847,938**	**-4,352,015**	**25,204**	**-192,397**	**-217,601**
Per ha	**10**	**-74**	**-84**	**0.5**	**-3.7**	**-4.2**

Annex 6. Risk Analysis and Assessment

A. Risks Ratings Summary Table

1. Table 6.1 below summarizes the perceived risk for the proposed AF. The overall project risk is rated Moderate. The rating takes into account the experience gained as part of implementation of the original project, and the strong commitment demonstrated by the government in implementing the original project. In general, the rating for each element follows mostly the rating of PASA in the most recent ISR, which was approved on January 24, 2017.

Table 6.1: Systematic Operations Risk- Rating Tool (SORT)	
Risk Category	**Rating**
1. Political and Governance	Moderate
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Moderate
7. Environment and Social	Moderate
8. Stakeholders	Moderate
OVERALL	Moderate

B. Overall Risk Rating Explanation

2. Political and Governance risks are considered to be Moderate in the country in light of the political stability, the clear commitment demonstrated by the recipient to the project and the well performing implementing agencies of the project.

3. In terms of sector strategies and policies, the risks are rated as Moderate, while the macro-economic risk is rated substantial. The medium-term outlook for Togo may be threatened by the recent spike in public debt and large fiscal deficits. The Bank seeks to help Togo mitigate the risks posed by its fiscal constraints through macroeconomic monitoring and dialogue, support to debt management and through reforms to strengthen the macroeconomic framework, by promoting private sector investments and PPPs, and maximizing access to concessional finance from development partners and IDA.

4. Technical Design of Project and Institutional Capacity for Implementation risks are considered Moderate.

5. Global fiduciary risk is considered moderate but procurement risk could be rated as substantial.

6. Environmental and Social risks are considered to be Moderate. The project has already shown that its impact on environment is moderate while on the social side, it will most likely be positive.

7. Stakeholder risks are considered to be Moderate. The activities supported by the project are in high demand by the stakeholders, and they are committed to the implementation of the proposed AF as well as to the sustainable development of the targeted value chains.