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Investing in rural people

Report to the President

Proposed Debt Sustainability Framework grant to the Independent State of Samoa for the Samoa Agriculture & Fisheries Productivity and Marketing Project (SAFPROM)

Project ID: 2000002349

Note to Executive Board representatives:

Approved on Monday 14 October 2019

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Abbreviations and acronyms

ACIAR	Australian Centre for International Agricultural Research
ASP	Agriculture Sector Plan 2016-2020
CTSSU	Centralized Technical Support and Services Unit
DFAT	Australian Department of Foreign Affairs and Trade
FAB Samoa	Farming as a Business in Samoa
FAO	Food and Agriculture Organization of the United-Nations
GDP	Gross Domestic Product
GOS	Government of Samoa
IDA	International Development Association
MAF	Ministry of Agriculture and Fisheries
MFAT	New Zealand Ministry of Foreign Affairs and Trade
NCD	Non-Communicable Diseases
PIC	Pacific Island Country
SACEP	Samoa Agriculture Competitiveness Enhancement Project
SAFPROM	Samoa Agriculture & Fisheries Productivity and Marketing Project
SDS	Strategy for the Development of Samoa 2016-2020
WFP	World Food Programme

Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 19-08-2019

Financing summary

Initiating institutions:	World Bank and IFAD
Recipient:	Government of the Independent State of Samoa
Grant recipient:	Ministry of Finance
Executing agency:	Ministry of Agriculture and Fisheries
Total project cost:	US\$30.28 million
Amount of Debt Sustainability Framework grant:	US\$3.60 million
Amount of IFAD climate finance:*	US\$2.53 million
Cofinancier[s]:	International Development Association (IDA)
Amount of cofinancing:	US\$19.95 million
Terms of cofinancing:	Grant
Contribution of recipient:	US\$0.74 million
Contribution of financial institutions and private sector:	US\$ 1.54 million
Contribution of beneficiaries:	US\$4.45 million
Appraising institution:	World Bank
Cooperating institution:	World Bank

* As per the MDB Methodologies for Tracking Climate Adaptation and Mitigation Finance.

Recommendation for approval

According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2 the President is invited to approve the recommendation contained in paragraph 65.

I. Context

A. National context and rationale for IFAD involvement

1. The Independent State of Samoa is a small and remote Pacific island with a population of approximately 197,000 people. Despite a Gross Domestic Product (GDP) per capita of US\$4,190 (classifying Samoa as a lower middle-income country), Samoa's economy faces significant challenges and hardships. High vulnerability to natural disasters, a narrow natural resource base, small domestic markets, limited exports, and remoteness restrict the capability of labor markets to provide sufficient employment opportunities for a growing youth demographic; and the economy is highly exposed to exogenous shocks, including food and fuel price fluctuations.
2. The agricultural and fisheries sector is central to broad and inclusive growth in Samoa. Although it contributes only 10 per cent of GDP, the sector employs two thirds of the country's labor force; and provides 90 per cent of export value. Samoa's village-based agriculture systems are dominated by subsistence farming—only 4.4 per cent of farming households produce mainly for sale. While these systems address some basic food needs, village-based, subsistence-oriented farming limits agricultural specialization and diminishes investment, restricting agricultural productivity and efficiency in an increasingly market-oriented economy. Low cost and low-quality food imports often crowd out domestic production and contribute significantly to poor nutrition and health outcomes.
3. The Government of Samoa's (GOS) Strategy for the Development of Samoa 2016-2020 (SDS) and an Agriculture Sector Plan 2016-2020 (ASP) prioritise improved food, nutrition and incomes through agri-business partnerships, strengthened value chain performance, and support to farmers. To increase the supply and consumption of competitively priced, domestically produced food, the ASP seeks to promote the adoption of new technologies, strengthen farm business management skills and enhance producers' linkages to markets. Improving access to productive resources, financial services and business skills particularly for women, is also a key objective.

Special aspects relating to IFAD's corporate mainstreaming priorities

4. In line with Eleventh Replenishment of IFAD's Resources (IFAD11) mainstreaming commitments, the project/programme has been classified as:
 - Youth-sensitive.
5. **Recurrent natural disasters and climate vulnerability.** The IMF ranks Samoa as the most vulnerable small state, globally, to natural disasters, with high recurrence of cyclones and tropical storms. Average damage and losses from natural disasters are estimated at over 12 per cent of GDP per annum, compared to a 2.3 per cent average for all Pacific Island countries. Drought is also a hard felt impact, intensified with climate change. Extreme rainfall, stronger winds and rising sea levels result in coastal erosion and flooding of low-lying areas; losses of assets and crops; and in food insecurity and reduced access to safe water.
6. **Poor nutrition causing epidemic levels of NCDs.** Over 40 per cent of deaths the result of diabetes, stroke and heart disease. The incidence of NCDs is the greatest health threat, the leading cause of death, and the most critical health

priority for Samoa. Among various estimates for obesity, the lowest is around 30 per cent of men, and over 50 per cent of women. Twenty three per cent of the population has diabetes; and 21 per cent suffers from hypertension. The surge in NCDs is caused by deteriorating dietary patterns (including inadequate intake of fruits and vegetables, and substitution of traditional diets with low-quality food imports), as well as increased sedentary behaviors in more urbanized lifestyles.

7. **High youth underemployment.** Half of Samoa's population is under 24; and one quarter is between 15 and 29 years of age. Securing employment is a challenge for young Samoans– 16 per cent of people aged 15 to 29, and 20 per cent of women in that age group, are unemployed. Slightly more than half of the population aged 15 to 29 is classified as "Not in employment, education or training", and one fifth of young people aged 15 to 29 live below the Basic Needs Poverty Line, illustrating the lack of opportunities for young people. Family obligations (such as providing care for elderly or the very young, and subsistence gardening and fishing) are the primary reasons why youth are unemployed. At the same time, attracting young people to agricultural education is hampered by farming's low profitability.
8. **Rural women's empowerment.** While women in Samoa have slightly higher educational attainments than men, their involvement in agriculture is low: of the 50,000 household members normally engaged in household crop activities in 2015, only 22 per cent were women. Limited women involvement in farming reflects cultural expectations about women's domestic role and societal obligations to village and church. According to the Samoa Hardship and Poverty Study, women working in the subsistence agriculture sector are the most vulnerable group in the country. In the small-scale fisheries sector, women hold important roles, particularly related to reef gleaning for fish and invertebrate (lobsters, trochus, sea cucumbers, giant clams, etc.) for commercial or subsistence purposes. Women are also important actors in the post-harvest value chain as they process fish products and sell in markets or at roadside stalls. Small-scale artisanal fisheries typically employ a significant proportion of women throughout the value chains.
9. Women are more actively represented in entrepreneurial activities: they head over 40 per cent of businesses, mostly small and informal. Nationally, a higher proportion of women (48 per cent) receive remittances than men (39 per cent), and a slightly higher proportion of women (40 per cent) have bank accounts than men (38 per cent). Yet more women (17 per cent) use informal financial services avenues (men: 12 per cent), suggesting a gender disparity in formal financial services.
10. Gender-based violence constitutes a major social and health issue for Samoan women. Overall, 46 per cent of women who have ever been in a relationship have experienced one or more kinds of partner abuse. Community-based programmes have shown success in promoting safer communities for women.
11. **Small Island Development States.** Consultations by IFAD member states for the 11th replenishment of IFAD's resources committed IFAD to ensuring that that vulnerable country groups, including small island development states (SIDS), receive a greater share of IFAD's resources; and that IFAD differentiates its financing, knowledge and policy instruments to deliver stronger results for this group. The IFAD11 consultations also called on IFAD to pool SIDS funding with other partners for greater efficiency, increase the size of PBAS allocations to SIDS, and utilization on climate resilience and markets. In accordance with the importance placed by member states on expanding IFAD programming in SIDS, the Government of Samoa (GOS) requested IFAD's re-engagement in Samoa, after about 20 years since its last investment, towards improving mixed tree-crop systems in support of rural households practicing subsistence or semi-commercial agriculture, with particular attention to women, youth and vulnerable households.

Rationale for IFAD involvement

12. In response to the IFAD11 mandate and priorities and to Government's request, IFAD initiated the design of the *Farming as a Business in Samoa* project (FAB Samoa) with a focus on (i) access of subsistence and semi-commercial farmers to agricultural technologies, services and finance, (ii) supporting smallholder integration into supply chains, and (iii) enhancing smallholder households' resilience to climate and weather events.
13. On endorsing the FAB Samoa project, GoS requested IFAD and the World Bank to explore the possibilities of integrating the IFAD-initiated project with the World Bank-initiated (IDA-financed) Samoa Agriculture & Fisheries Productivity and Marketing Project (SAFPROM). An integrated approach would seek to harmonize implementation- maximising complementarities and streamlining execution, while drawing on the comparative advantages of the two institutions. Accordingly, SAFPROM builds on the World Bank's experience in Samoa (in particular, the completed IDA-financed Samoa Agriculture Competitiveness Enhancement Project, or SACEP), and IFAD's experience in agriculture and rural development in the Pacific region.
14. The integrated project, to be administered and supervised by the World Bank, maintained the title of SAFPROM. Among its interventions, SAFPROM retains FAB Samoa's emphasis on improving livelihoods of subsistence and semi-commercial family farms, by introducing climate-resilient solutions that combine production of nutritious foods with increased productivity in perennial crops that increase smallholder incomes. Special focus will be given to subsistence and semi-commercial farmers, particularly youth and women, who belong to some of the poorer segments of the population. SAFPROM's climate-smart interventions for improving livelihoods of subsistence farmers and fishers, and its activities targeting rural women and youth, respond directly to IFAD11 priorities. The project remains aligned to IFAD's Strategic Objective 1 (increase poor rural people's productive capacities); 2 (increase poor rural people's benefits from market participation); and 3 (strengthen the environmental sustainability and climate resilience of poor rural people's economic activities).

B. Lessons learned

15. The IDA-financed SACEP, which closed in December 2018, has demonstrated how investments in public infrastructure (e.g. mobile slaughtering unit, tissue culture laboratory) and access to finance for smallholder farmers can catalyze growth in market-oriented farms and SMEs in a country like Samoa. The Government plans to consolidate and build on these achievements, applying lessons learned from this experience. Key lessons from SACEP influencing the design of SAFPROM include: (i) the advantages of a gradual, step-wise approach in involving risk-averse farmers in more productive and market-oriented farming; (ii) the importance of establishing reliable market linkages with consistently good quality produce, (iii) the need to ensure transparency and communication between different actors involved in extending matching grants, (iv) the role of community planning approaches, in nurturing ownership and commitment among communities, and (v) the value-added from collaborative approaches between Government and civil society (NGOs) in catalyzing community planning.
16. SAFPROM also takes into account the lessons learned from IFAD projects elsewhere in the Pacific, that have demonstrated successes and introduced substantive change in the rural economy:
 - (a) *Community engagement.* The project applies a community planning approach demonstrated under IFAD regional grants, which was successful in developing a sense of ownership and engagement among communities. The process was also

instrumental in identifying farmers and establishing farmers groups that will be interested and motivated to participate in the project.

(b) *Farming as a business.* IFAD projects in the Pacific have been effective in shifting farmers away from the concept of farming as a subsistence-oriented activity, which has increasingly become less attractive to farmers especially the youth. This involves working with farmers to develop an understanding on how to apply business principle and practices, with a focus on high value crops, to maximise the return from farming efforts and resources.

(c) *Market-oriented farming.* In the Pacific, IFAD interventions have started from the market – helping farmers determine the best market opportunities for agricultural production based on demand from exporters, processors, buyers and other market intermediaries; and on their willingness to enter into contracting arrangements with farmers for specific high value crops that farmers have a comparative advantage in.

(d) *Support for pluralistic extension service delivery modalities* (through NGOs, the private sector, and Government) is a necessary step towards the provision of more relevant, responsive, accessible, and accountable services to communities; especially those living in remote locations where public extension finds it challenging and difficult to operate. Similarly, provision of support packages, subject to farmers meeting certain conditions (such as only providing micro-finance services to farmers who graduate from trainings) enhances effectiveness, and secures farmers' ownership and pro-activeness, as well as enhancing sustainability.

(e) *Procurement challenges* facing implementation partners include limited experience with (i) the correct evaluation method for the procurement of goods; (ii) preparation of a contract register and procurement plans; (iii) composition of a procurement committee; and (iv) the risk of splitting procurements. SAFPROM includes the (i) strengthening of MAF's procurement capacity by recruiting a dedicated procurement specialist; (ii) tailored training and implementation support related to applicable procurement guidelines and requirements; and, where applicable (iii) preparation of a pre-qualified list of vendors in order to simplify procurement processes and ensure fairness and equal opportunities in the bid invitations.

(f) *A culture of partnership.* The partnerships dimension is a key ingredient for successful smallholder agriculture. Partnerships include those between the exporters/processors/buyers and farmers/farmer groups as well as with those actors and financial institutions, with regional technical assistance grants, and between development agencies. It is critical for projects to work closely with all key players in the rural development space to avoid duplication and to leverage additional resources, especially under a small island context of high fixed and transaction costs.

II. SAFPROM description

A. Project objectives, geographic area of intervention and target groups

17. The project's **objectives** are "to increase the productivity and access to markets by selected producers, to improve management of targeted productive natural resources and, in the event of an Eligible Crisis or Emergency, to provide an immediate response to the Eligible Crisis or Emergency". Intermediate outcomes include (i) adoption of innovative and climate-smart farming technologies and

practices, (ii) sustainable land and fisheries management, (iii) stronger linkages between farmers and markets, and (iv) adapted policy and regulatory frameworks.

18. Selected producers include subsistence or semi-commercial smallholder farmers, including women and youth, motivated to become commercial. The target group includes livestock and crop farmers, fisher people, and processors. The project will also support appropriate farmers' organizations and micro, small and medium Enterprises in the farming and fishing subsectors and their value chains, to improve the productivity and linkages to markets.
19. While the project has national coverage, activities targeting mixed tree crop systems shall be focused in Savai'i, the second most populated of Samoa's four islands. This support shall apply household methodologies, direct targeting and self-targeting approaches for reaching rural women, youth and vulnerable households - consistent with IFAD's targeting policy and mainstreaming objectives. There are limited opportunities for non-agricultural employment in Savai'i; on the other hand, many districts of Savai'i are well suited to mixed cropping. Target villages will be determined in consultation with the Ministry of Agriculture and Fisheries (MAF) and the Ministry of Women, Community and Social Development (MWCSD) based on selection criteria and the willingness of the *Sui o le Nuu* (village representatives) and *Sui o Tamaita'i* (women's representatives) to incorporate an Agreement for Sustainable Family Farming Business in their district/village strategic plan.

B. Components/outcomes and activities

20. SAFPRM will have four components:
21. **Component 1: Strengthening national institutions** aims at creating an enabling environment for increased productivity and access to markets for target farming and fishing households and private sector along the targeted value-chains (inputs suppliers, agro-processors, etc.).

Sub-component 1 Institutional capacity building for crops and livestock strengthens capacities of both MAF and national producers' organizations and stakeholders. The training and capacity building plan integrates climate adaptation into agriculture, fisheries and into food security policies and broader development planning, extension methods and technical approaches for climate resilient mixed tree-crop farming systems. To encourage more female farmers/fishers, the Component will also work with groups, including the Samoan Women in Business Development Inc., Samoa Farmer's Association and Samoa Women's Association of Growers, to identify gender-specific constraints and activities to mitigate them. It will support a review of regulatory and policy frameworks in targeted value-chains, notably on climate-smart agriculture, livestock and crop extension and veterinary services.

Building on lessons learned from FAO initiative in Samoa on enhancing engagement of youth in agribusiness as a means to improve their employment and livelihoods, the project shall work with private sector and civil society to extend trainings to young women and men (e.g. on improved agriculture practices; financial literacy; value chains and markets, SME basics).

Subcomponent 1.2, Strengthening management of the region's shared oceanic and coastal fisheries, will support management strengthening of Samoa's shared oceanic and coastal fisheries resources and promotion of climate resilience among fishing communities.

22. **Component 2: Strengthening performance of selected value-chains** will support a transition from purely subsistence agriculture to farming as a business by increasing on-farm productivity in fruits and vegetables, tree-crops and livestock farming households, and promote sustainable fisheries options for fishing households and organizations. It also supports business partnerships between

those farming/fishing households and other value-chain actors, including input suppliers, agro-processors and traders, improving farmers' access to support services needed for meeting market requirements.

Subcomponent 2.1, Public Good Infrastructure, will finance feasibility, and design studies, works equipment of key collective infrastructures that have been identified as bottlenecks for the development of the sector. To improve access to planting materials and to markets for mixed tree-crop farming households in Savai'i, the sub-component shall also include the rehabilitation of small feeder roads to upland farms; the establishment of strategic field nurseries (for cocoa and coconut seedlings) with associated rainwater harvesting structures; and the installation of improved crop drying facilities at market aggregation points to assure quality control in particular for niche export products. In the fisheries sector, planned infrastructure includes the construction of public cold storage facilities at the fish markets in Upolu and Savaii. All infrastructure will be built or rehabilitated using disasters-resilient standards and materials, resistant to cyclones and natural disasters.

Subcomponent 2.2, Matching Grants Programme, will provide technical assistance and grants to support activities and investments which aim to help farmers to increase their on-farm productivity and fishers to improve the management of their fishery resources, and/or enhance market linkages and/or business relations for target farmers and fishers with other value chain actors. The technical divisions of MAF, the Small Business Enterprise Center and agribusiness specialists from the project will offer tailored technical assistance support to improve beneficiaries' production skills as well as linkages with buyers. The matching grants will target 30 per cent of female farmers/fishers and will work with local organizations, such as the Samoan Women in Business Development Inc., Samoa Farmer's Association and Samoa Women's Association of Growers to tailor outreach and support. Small grants targeting about 700 individual subsistence and semi-commercial farmers and fishers to improve their productive activities for commercial purposes. Specific attention will be given to proposals coming from youth and women.

23. **Component 3: ASCD establishment and project management, M&E and communications.** This component will support centralized project support through the establishment of the Agriculture Sector Coordination Division (ASCD) within MAF. The ASCD will coordinate project implementation, collaborate with relevant MAF Divisions and support the coordination of other development projects in the sector.
24. **Component 4: Contingency Emergency Response.** This component would draw from the uncommitted grant resources and other project components to cover response needs following an eligible crisis or emergency.

C. Theory of change

25. The project's theory of change builds on the World Bank's experiences from SACEP and IFAD's experience in the Pacific. In contributing to the targets stated in the Samoa ASP, SAFPROM interventions will need to address key challenges to agricultural development and hardship in Samoa, including: (i) recurrent natural disasters and climate vulnerability, (ii) epidemic levels of NCDs caused by poor nutrition, (iii) high youth underemployment, and (iv) limitations in economic empowerment of rural women.
26. SAFPROM seeks to address these vulnerabilities by (i) enhancing the productive capacities of poor rural women and men, with special attention to engaging youth; (ii) strengthening farm to market linkages; and (iii) improving environmental sustainability and climate resilience of rural communities. It improves the supply of nutritious foods and dietary change through (i) improvements in livestock,

horticultural and perennial crop farming, and in community-based fisheries; (ii) increased local food production and diversity, and (iii) intensified communication and awareness campaigns about the importance of consumption of local products and nutrition. Matching grants aim to crowd-in investment in a context of minimal agriculture portfolio for commercial banks. With most of the poor operating in the non-formal markets segment, raising market production and own-consumption will contribute towards feeding families with diversified and nutritious food, improving nutrition and addressing income poverty.

27. To reduce key vulnerabilities of rural households related to climate, SAFPROM extends advisory services and investment support for innovative, climate-smart farming technologies and practices, and for sustainable land and fisheries management. The focus on multipurpose tree species will provide a high degree of resilience to climatic and market fluctuations and intensify diverse production on established but underutilized lands. SAFPROM's component four enhances climate resilience through its readiness to rapidly mobilize funds needed to respond to extreme events and natural disasters.

D. Alignment, ownership, and partnerships

28. In aligning with Samoa's SDS and ASP, SAFPROM contributes to the Sustainable Development Goals SDG 1 (no poverty), SDG 2 (zero hunger), SDG3 (good health and well-being), SDG5 (gender equality), SDG 8 (decent work and economic growth), SDG 10 (reduced inequalities), SDG 14 (life below water) and SDG 15 (life on land). IFAD also envisages supporting MAF through its global DELIVER programme, which builds capacities of delivery units such as MAF's newly formed ASCD, and assists in strengthening evidence-based policy and results-driven execution.
29. Through the ASCD, SAFPROM will secure complementarities and coordination with several programmes supported by development partners, such as China's technical assistance programme in horticulture and livestock and the Australian Department of Foreign Affairs and Trade (DFAT), New Zealand's Ministry of Foreign Affairs and Trade (MFAT) funded Pacific Horticultural and Agricultural Market Access Plus Programme, which *inter alia* supports access to overseas markets for selected commodities such as taro, coconut and cocoa. FAO's local presence and focus on nutrition offers several avenues for cooperation with SAFPROM, including in technical assistance (studies, policy reviews), joint activities on youth in agriculture, and project supervision. The World Food Programme's regional work on migrant remittances, in tandem with its support to cash transfers for disaster preparedness and response also offers important synergies with SAFPROM agenda on financial inclusion, climate resilience and productive investments.

E. Costs, benefits and financing

Project costs

30. Total project costs, including foreign exchange, duties and taxes, are estimated at US\$30.28 million over the six years of the project implementation period. Both funding institutions IFAD and the World Bank will contribute a combined sum of US\$23.55 million (IDA: US\$19.95 million; IFAD: US\$3.60 million – breakdown by component is shown in Table 1). Component 4, Contingency Emergency Response, is currently allocated zero resources. Following a crisis or emergency, the Government may request the World Bank and IFAD to re-allocate project funds to support emergency response and reconstruction.
31. Project Components 1 and 2 are respectively counted in full and in part as climate change adaptation finance. The total amount of IFAD climate finance for this project is estimated at US\$2.53 million or 70 per cent of the IFAD investment, as per the MDB Methodologies for Tracking Climate Adaptation and Mitigation Finance.

Project financing, cofinancing strategy and plan

32. IFAD's contribution to a total programme cost of US\$30.28 million, will be US\$3.60 million (11.9 per cent) in grant financing. IDA will finance US\$19.95 million (65.9 per cent). The remaining US\$6.73 million will be financed by beneficiaries participating financial institutions, the Government of Samoa, and the private sector, as shown in table 1. With a view to harmonising and streamlining financial management by the Government of Samoa, specific SAFPROM eligible disbursement categories will be financed *pari passu* by IFAD and IDA.
33. Start-up financing of up to two hundred thousand US dollars (US\$ 200,000) will be made available for studies and technical assistance until the disbursement condition (finalisation of the Standard Operating Procedures) is fulfilled.
34. Retroactive financing. As an exception to section 4.08 (a) (ii) of the General Conditions, specific eligible expenditures incurred from 17 April 2019 (the date of loan negotiations and initialling of the IDA financing) to the date of entry into force of this Agreement to an amount equivalent to one hundred and fifty thousand US dollars (US\$150,000) for grant-funded activities relating to: technical assistance, finalization of the Standard Operating Procedures, undertaking studies and integrated land management plans, and start-up workshop. Activities to be financed may be pre-financed by the Recipient and reimbursed from the Financing after the Financing Agreement has entered into force and the conditions precedent to withdrawal have been met.

Table 1
Components by Financiers
(Millions of United States dollars)

	IDA		Government		Beneficiaries		IFAD DSF grant		PFI		Private		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Strengthening National Institutions														
Institutional capacity building for crops and livestock	3.78	77.5	0.14	2.8	-	-	0.96	19.7	-	-	-	-	4.88	16.1
Strengthening management of the region's shared oceanic and coastal fisheries	5.92	100.0	0.00	-	-	-	-	-	-	-	-	-	5.92	19.5
Subtotal	9.70	89.8	0.14	1.3	-	-	0.96	8.9	-	-	-	-	10.80	35.7
B. Strengthening the performance of selected value-chains														
Public Good Infrastructure	2.01	79.8	0.00	-	-	-	0.51	20.2	-	-	-	-	2.52	8.3
Matching Grants in two windows	5.56	41.7	0.34	2.5	4.45	33.4	1.46	10.9	1.35	10.1	0.19	1.4	13.35	44.1
Subtotal	7.57	47.7	0.34	2.1	4.45	28.1	1.97	12.4	1.35	8.5	0.19	1.2	15.87	52.4
C. ASCD establishment and project management, M&E and communications														
ASCD establishment, project management, M&E and communications	2.68	74.0	0.26	7.3	-	-	0.67	18.7	-	-	-	-	3.61	12.0
Total project costs	19.95	65.9	0.74	2.4	4.45	14.7	3.60	11.9	1.35	4.5	0.19	0.6	30.28	100.0

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Table 2
Expenditure Accounts by Financiers
(Millions of United States dollars)

	IDA		Government		Beneficiaries		IFAD DSF grant		PFI		Private		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Civil Works	3.65	84.1	0.00	-	-	-	0.69	15.9	-	-	-	-	4.34	14.3
2. Goods	4.06	82.7	0.34	6.8	0.14	2.9	0.35	7.1	0.02	0.5	-	-	4.90	16.2
3. Consulting Services	3.28	76.8	0.00	-	-	-	0.71	16.6	0.10	2.3	0.19	4.3	4.28	14.1
4. Training	2.05	83.3	0.00	-	-	-	0.41	16.7	-	-	-	-	2.46	8.1
5. Grants	3.23	39.9	0.00	-	4.05	50.0	0.81	10.1	-	-	-	-	8.10	26.7
6. Investment Capital	0.19	11.0	0.00	-	0.26	15.0	0.07	4.0	1.23	70.0	-	-	1.75	5.8
7. Operating Costs	3.49	78.4	0.40	9.0	-	-	0.56	12.6	-	-	-	-	4.45	14.7
Total project costs	19.95	65.9	0.74	2.4	4.45	14.7	3.60	11.9	1.35	4.5	0.19	0.6	30.28	100.0

Table 3
 Components by year
 (Millions of United States dollars)

	Totals Including Contingencies						
	2019	2020	2021	2022	2023	2024	Total
A. Strengthening National Institutions							
Institutional capacity building for crops and livestock	1.12	2.17	0.72	0.41	0.28	0.17	4.88
Strengthening management of the region's shared oceanic and coastal fisheries	3.39	0.89	0.34	0.33	0.34	0.63	5.92
Subtotal	4.51	3.06	1.06	0.74	0.63	0.80	10.80
B. Strengthening the performance of selected value-chains							
Public Good Infrastructure	1.29	0.53	0.70	0.00	0.00	0.00	2.52
Matching Grants in two windows	1.01	4.44	3.58	2.53	1.74	0.05	13.35
Subtotal	2.30	4.96	4.28	2.53	1.74	0.05	15.86
C. ASCD establishment and project management, M&E and communications							
ASCD establishment, project management, M&E and communications	1.36	0.39	0.42	0.48	0.43	0.53	3.62
Subtotal	1.36	0.39	0.42	0.48	0.43	0.53	3.62
Total project costs	8.17	8.41	5.77	3.75	2.81	1.38	30.28

Disbursement

35. The Ministry of Finance shall open a Designated Account in United States dollars at the Central Bank of Samoa to receive the grant funding from IFAD, and establish a ledger code for project financial transactions by the Ministry of Agriculture and Fisheries based on approved annual work plans and budgets. The Designated Accounts will be administered following Imprest Account arrangements. Advances from this Financing must be segregated from other funds for the Project.
36. Disbursements will be effected using three methods: (a) advances; (b) direct payment; and (c) reimbursement to recipient.

Summary of benefits and economic analysis

37. SAFPROM's economic internal rate of return is estimated at 10 per cent, and the net present value is positive at US\$26.2 million. The project is sensitive to changes in some of the project's variables, including increase in investments costs. The economic analysis suggests that the programme is economically justified.
38. Investments are expected to generate a number of benefits, such as the increase in some selected crops yields (fruit and vegetables, cocoa), improved nutritional intake, reduction of animal mortality rates, increases in calving/lambing, off-take rates and increase in value of sales from smallholder and semi-commercial producers and fishers. The project is also expected to create a number of positive externalities, such as institutional strengthening, enhanced capacities of stakeholders, better food safety, higher Occupational Health and Safety standards and increased adaptation to climate-change and resilience to disasters. These benefits were not fully quantified due to the difficulty to attributing a monetary value to their contribution to the project's development objective.

Exit strategy and sustainability

39. Institutional sustainability is supported in strong alignment with the government and development partners. SAFPROM builds on SDS and ASP's shared objectives to increase food, nutrition and income security in rural areas.
40. SAFPROM's exit strategy and sustainability will be based on: (i) increasing financial inclusion and supporting financial institutions capabilities to expand provision of financial services, enabling farmers and other value chain actors to invest or scale up, (ii) gradual development of farmers' market orientation and strengthening local intermediary actors in the value chain, (iii) enhancing learning and knowledge by documenting successful business models and tracking sustainable farming practices, and (iv) supporting multi-stakeholder platforms that build trust and allow new partnerships to evolve.
41. Economic sustainability will be ensured by using the Matching Grant model where farmers will go through a full feasibility analysis, receiving training on best practices and innovative technologies, support to prepare profitable business plans and access credit (if needed). The funds will be granted on the basis of a profitable business plan.
42. Public infrastructure investments will be subjected to pre-feasibility studies and development plans to assess medium-term utilization of the facilities, their operating and maintenance costs and provide guidance on the best management methods, including users' fees.
43. Training in best practices and new technologies to adapt to and mitigate climate change impacts, as well as how to reduce the farmers' own impacts on the land and sea, will further promote environmental sustainability.

III. Risks

A. Project risks and mitigation measures

44. A number of challenges facing SAFPROM indicate moderate project, sustainability and fiduciary risks. Samoa's economy is highly vulnerable to natural disasters and external shocks. The availability of quality experts locally is somewhat limited domestically, and suffers from turnover, while MAL's experience and capabilities in project implementation are narrow. Risks and their mitigation measures are displayed in table 4.

Table 4
Risks and mitigation measures

Risk	Rating	Mitigation measures
Smallholder's vulnerability to natural disasters, climate change.	High	Provision of support packages that build farmers' resilience to shocks: combining adapted technologies and risk sharing mechanisms.
Limited government capacity/outreach for delivering support services to market-oriented farming	High	<ol style="list-style-type: none"> 1. Involvement of NGOs and agribusiness partnerships in the delivery of technical support. 2. Promotion of farmer-owned ventures to provide services to farmers. 3. Institutional & technical capacity building for GoS. Harmonization between IFAD and World Bank financing to streamline processes.
Project execution risks such as procurement risks in contract management and procedural compliance	Moderate	The CTSSU established within the MoF will provide support to MAF in project management, procurement, financial management, safeguards, and M&E. This unit will be comprised of international experts. The ASCD will be established within MAF to house dedicated resourcing at the Principal and Senior Officers level to support MAF and mitigate risks (project management, procurement, financial management, safeguards, and M&E)
Low support of community-based organisations for private initiatives.	Moderate	Build communities' empowerment and buy-in through information and capacity building.

B. Environment and social category

45. As per the World Bank's systematic operations risk-relating tool, SAFPROM's environmental and social risk is moderate. The project is not associated with any negative indirect or long-term impacts. This assessment is based on the Environment and Social Management Framework conducted by MAF during the design of SAFPROM.
46. Adverse environmental and social impacts associated activities supported under the matching grants programme are expected to be minor, localized and temporary. Investments in public good infrastructure and equipment are expected to be minor/moderate and readily-managed through standard mitigation measures. All project activities will require the appropriate level of environmental and social impact screening.

Table 5
Potential project impacts and mitigation measures

Potential project impacts	Description	Mitigation measures
Sustainable land and water management practices	Encroachment into upland forest, aggravated by extreme weather events, may result in erosion, landslides and siltation of water courses.	SAFPROM will focus on (i) lowland areas, and (ii) developing/building climate resilient farming systems in existing cultivated areas and areas of expanded production. SAFPROM will follow a formal land management planning process that will be aligned with both national legislative requirements and planning goals, and local community planning aspirations, to ensure that any expansion of production is not leading to environmental degradation.
High smallholder vulnerability to natural disasters and climate change	Risk of crop losses from tropical cyclones and drought.	SAFPROM will provide support packages that build farmers' resilience to shocks, such as combining adapted technologies and risk sharing mechanisms, access to inclusive financial services. Adaptation measures will be an integral part of project planning and implementation through vulnerability and resilience baseline assessments, Disaster preparedness planning with communities, capacity building in support for climate resilient responses, and crop diversification.

C. Climate risk classification

47. SAFPROM's climate risk is classified as high risk. Samoa faces a high level of impact and exposure to climate and disaster risks, according to the World Bank's Climate and Disaster Risk Screening Tool for agriculture. The areas of high risk include exposure of the project location to climate and geophysical hazards and their impact on the project's physical infrastructure and assets. To mitigate risks, of an extreme event, component 4 includes a facility for contingency emergency response. In addition, the World Bank is working with the GOS on a Development Policy Operation including a Catastrophe Deferred Drawdown Option, which is able to provide substantial, quick-disbursing finance in the immediate aftermath of a natural disaster.

D. Debt sustainability

48. A small island economy with narrow resource base and high transport and energy costs, Samoa's public revenues are generally low and its economy remains highly dependent on foreign aid and Government borrowing overseas. Exposed to high risks and vulnerability to natural disasters and extreme events, Samoa is classified as a high debt distress country, and is eligible for DSF terms. IMF predictions are that the present value of debt-to-GDP will gradually increase, from 33.4 per cent in 2019 to 39.1 per cent in 2029, and reach 60.3 per cent in 2039, as a result of increased external borrowing for infrastructure construction. The Present Value of external debt-to-GDP ratio would breach the indicative threshold of 55 per cent in 2036 (Samoa: 2019 Article IV Consultation-Press Release – IMF).

IV. Implementation

A. Organizational framework

Project management and coordination

49. The Agriculture Sector Coordination Division (ASCD) established within MAF the lead implementing agency of SAFPROM, will be responsible for the day-to-day coordination and monitoring of project implementation, including

coordination with the various technical divisions of MAF. ASCD will establish of agreements with implementing partners (e.g. NGOs for community engagement or organic certification, Ministry of Transport for tracks and access roads, the Small Business Enterprise Centre with financial institutions in relation to agribusiness partnerships) and ensure fiduciary and safeguards requirements are fulfilled. On Savai'i Island, a Project Field Unit in Savai'i will provide technical support for field work, under the overall supervision of the ASCD Director.

50. ACSD is led by a Sector Coordinator at the level of Assistant Chief Executive Officer, and is staffed with four Principal level officers (for M&E, Safeguards, Procurement and Financial Management). An *Agriculture Sector Advisory Committee*, chaired by MAF and comprising representatives from Government agencies, civil society representatives and private sector, will provide oversight to project planning and implementation. The Centralized Technical Services and Support Unit (CTSSU) at MoF, that supports the fiduciary compliance of all Government projects across line agencies, will backstop the ASCD. The CTSSU will draw on international experts in Safeguards, Procurement, Financial Management and M&E, to provide hands on support as well as capacity building and guidance.

Financial management, procurement and governance

51. Government agencies in Samoa are required to comply with the financial management processes and procedures detailed in the "*Public Finance Management Act (PFMA) 2001*" and "*Treasury Instructions (TI) 2015*". These have been assessed, and are considered satisfactory for SAFPROM financing. MAF and MoF use the GoS' accounting system (Finance One) and operate on a cash basis of accounting. Copies of all accounting records for the project will be required to be maintained and made available to both auditors, the World Bank and IFAD as required. Unaudited interim financial reports (IFRs) will be prepared on a quarterly basis, and forwarded to the World Bank & IFAD within 45 days of the end of each calendar quarter.
52. MAF through the ASCD, will prepare budgets for the whole project which will be required to be broken down by year with appropriate levels of detail, MoF will co-ordinate and authorize the funds flow and make all payments for the Project. Separate Designated Accounts (DA) for IDA and IFAD will be established for the Project. Funds will flow from the IDA or IFAD to GoS into the DAs for advances, or to the nominated GoS bank account for reimbursement. Funds can also flow to contractors via direct payment or to supplier's commercial bank for special commitments.
53. Annual audits of the Project consolidated financial statements will be required. The Samoa Audit Office is responsible for the audit of public assets, liabilities, equity and money and the audit of financial statements of public bodies and related agencies. The audited Project financial statements are to be prepared in accordance with the "International Public-Sector Accounting Standard Under the Cash Basis of Accounting", as required by MoF for all projects. An internal audit function is furthermore performed by the Samoa Audit Office over government transactions processed through the Finance One system. The audited financial statements, audit report, and management letter must be submitted to the World Bank and IFAD within six months of the end of the fiscal year. The audited financial statements and audit report shall be made publicly available by the Government.
54. All goods, works and consultants services to be financed out of IFAD proceeds shall be procured in accordance with the World Bank's procurement guidelines. Procurement methods and prior review requirements will be clearly identified in annual procurement plans together with the AWPBs.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

55. The overall responsibility for the project planning, monitoring, evaluation, and reporting rests with the ASCD team, specifically with the Sector Coordinator and the Principal M&E Officer. Building on the challenges faced during SACEP to collect day-to-day data, two M&E Specialists will be recruited to assist the M&E Principal Officer, one in Upolu and one in Savai'i. Planning by ASCD will include an Annual Work Plan and Budget prepared in consultation with implementing partners and submitted for World Bank and IFAD review and no-objection before the start of each fiscal year.
56. SAFPROM will provide MAF and GOS with a fundamental source of learning and knowledge management and strategic communications processes. SAFPROM's M&E system will aim to assess whether the expected changes described in the Theory of Change effectively take place. It includes internal progress monitoring, a Management Information System (MIS) and independent impact evaluation surveys (annual surveys and matching grant impact assessment). Some of the activities that were successful under SACEP, including conducting Annual Market Survey and regular monitoring activities will be retained and consolidated under SAFPROM. The M&E section of the SAFPROM Standard Operating Procedures will describe: (i) what data and information needs to be collected (on which project systems, inputs, processes, results, and impacts); (ii) who, how and when it will be collected; (iii) how it will be stored, processed and delivered; and (iv) who will have access to raw data, processed data and information.
57. SAFPROM's project specific M&E system will be complemented with support for the monitoring of Samoa's Agriculture Sector Strategy, including through complementary IFAD initiatives such as the *AVANTI* programme on results-based management, and the *DELIVER* programme on learning from results, adaptive management and delivery, communications and knowledge sharing, and evidence-based policy formulation.

Innovation and scaling up.

58. The project has been designed so that it can promote innovations in agriculture and fisheries; and lays the foundations for further scaling up of its own learnings and achievements in support of the Agricultural Sector Plan. SAFPROM, for example, seeks to spur innovative approaches in both agriculture and fisheries through matching grants that seek to implement scalable innovative practices and technologies. The proposed project is designed with strong monitoring elements to capture evidence on efficacy and effectiveness. Subject to successful delivery and achievement of objectives in Savai'i, it is envisaged that household methodologies and productive activities related to mixed tree crops can be scaled up to Upolu Island. Moreover, based on SAFPROM's results and impact measurement, best practices can be scaled up throughout SIDS to improve rural livelihoods.

C. Implementation plans

Implementation readiness and start-up plans

59. Project preparatory activities have been carried out in advance of Project effectiveness utilizing funds made available through the World Bank's Programmatic Preparation Advance. These preparatory activities have been detailed in a simplified Project Procurement Strategy for Development and related procurement plan. In addition, a Project procurement plan for the first 18 months of the Project has been prepared and is detailed in the aforementioned Procurement Strategy. The advance was utilized to recruit consultants for the ASCD, as well as to prepare the safeguards instruments and specific sub-sectors technical studies (fisheries, crops and livestock).

Several rounds of consultations with citizens and stakeholders were also supported.

60. The ASCD shall also commission a baseline study measuring the status of main indicators at project start-up, to be undertaken in partnership with the Samoa Bureau of Statistics.

Supervision, midterm review and completion plans

61. The World Bank, as Cooperating Institution, will conduct annual supervision missions and additional implementation support missions to identify practical solutions to any challenges. At project mid-term, a full review will be organized to assess progress towards reaching the PDO and implementation bottlenecks. A project completion report will be submitted by the Government of Samoa within six months of completion, with evidence of the impact achieved.

V. Legal instruments and authority

62. A SAFPROM financing agreement between the Independent State of Samoa and IFAD will constitute the legal instrument for extending the proposed financing to the recipient. A copy of the negotiated financing agreement is attached as appendix I.
63. The Independent State of Samoa is empowered under its laws to receive financing from IFAD.
64. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

65. I recommend that the President approves the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a grant under the Debt Sustainability Framework to the Independent State of Samoa of three million six hundred thousand United States dollars (US\$3,600,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Donal F. Brown
Associate Vice-President, Programme Management Department

Negotiated financing agreement

Negotiated financing agreement: "Samoa Agriculture & Fisheries Productivity and Marketing Project (SAFPROM)"

(Negotiations concluded on 13 September 2019)

DSF Grant No: _____

Project name: Samoa Agriculture & Fisheries Productivity and Marketing Project (SAFPROM) ("the Project")

The International Fund for Agricultural Development ("IFAD")

and

Independent State of Samoa (the "Recipient")

(each a "Party" and both of them collectively the "Parties")

WHEREAS (A) the Recipient has requested a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS (B) the International Development Association (herein referred to as "IDA") has agreed to extend financing (the "IDA Financing") to the Recipient in an amount equivalent to fourteen million four hundred thousand Special Drawing Rights (SDR 14 400 000) to assist in co-financing the Project on terms and conditions to be set forth in an Agreement (the "IDA Financing Agreement") between the Recipient and IDA.

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated **29 April 2009**, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement, except for the provisions identified in Section E paragraph 4 below. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a Debt Sustainability Framework (DSF) Grant (the "Grant") to the Recipient which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the DSF Grant is three million six hundred thousand United States Dollars (USDD 3 600 000).
2. The first day of the applicable Fiscal Year shall be **1st July** of each year.
3. There shall be one Designated Account (DA) denominated in US dollars, to be opened for the IFAD grant through which IFAD funding shall be channelled. The DA shall be set up and managed by the Recipient's Ministry of Finance (MOF). The Designated Account for receiving the Grant proceeds must be segregated from other funds for the Project. MOF will be directly responsible for the management, maintenance and reconciliation of the DA activities.
4. The Recipient and beneficiaries shall provide counterpart funding for the Project as agreed in the Project Appraisal Document. The Recipient's contribution of USD 0.74 million includes in-kind contribution for community mobilization, the Recipient's Ministry of Agriculture and Fisheries (MAF) stimulus package and the Agriculture Sector Coordination Division (ASCD) staff salaries. Contribution (in cash or in kind) from crop and livestock farmers and fisherfolk is estimated at USD 4.45 million.

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture and Fisheries ("MAF").
2. The following are designated as additional Project Parties: the Ministry of Natural Resources and Environment (MNRE); the Ministry of Health (MOH), the Ministry of Women, Community and Social Development (MWCSO); the Small Business Enterprise Centre (SBEC); Participating Financial Institutions; and the Food and Agriculture Organization.
3. The Project Completion Date shall be **30 June 2025**.

Section D

1. The Grant shall be administered and the Project supervised by IDA as the Cooperating Institution until the closing date of the IDA Financing, or such later date as IDA shall establish by notice to the Recipient. Thereafter, the Grant shall be administered, and the Project shall be supervised, by the Fund.
2. A Mid-Term Review shall be conducted by IFAD and IDA in accordance with Section II.2 of Schedule 2 to the IDA Financing Agreement.

Section E

1. The following are designated as additional grounds for suspension of this Agreement: The IDA Financing Agreement shall have been suspended.

2. The following are designated as additional grounds for cancellation of this Agreement: The IDA Financing Agreement shall have been cancelled.
3. The following are designated as additional conditions precedent to withdrawal:
 - (a) the Standard Operating Procedures (SOP) has been prepared to the satisfaction of the Fund, and shared with IFAD for No Objection; and
 - (b) the IDA Financing Agreement has become effective.
4. The following provisions of the General Conditions **shall not apply** to this Agreement:
 - (a) **Sections 7.05 (Procurement)**: all goods, works, consulting and non-consulting services required for the Project and to be financed out of the proceeds of the financing shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018 and the provisions of the IDA Financing Agreement.
 - (b) **Section 7.01 (b) (ii) and Article 8 (Implementation Reporting and Information)**: the Recipient, shall monitor and evaluate the progress of the Project and prepare Reports, in accordance with Section II of Schedule 2 to the IDA Financing Agreement; and shall prepare Annual Workplans and Budgets (AWPBs) in accordance with Section I.D, Schedule 2 to the IDA Financing Agreement.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Chief Executive Officer
Ministry of Finance
Private Bag
Apia
Independent State of Samoa

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated _____, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Recipient and shall enter into force on the date of countersignature.

THE INDEPENDENT STATE OF SAMOA

Honorable Sili Epa Tuioti
Minister of Finance

Date: _____

**INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT**

Gilbert F. Houngbo
President

Date: _____

Schedule 1*Project Description and Implementation Arrangements*

1. The Project development objectives and activities shall be the same as described in Schedule 1 to the IDA Financing Agreement, as such agreement may be amended by the parties thereto from time to time. The Grant co-finances Components 1.1, 2 and 3 of the Project.
2. The Project shall be implemented in accordance with the provisions of Section I (Institutional Arrangements) of Schedule 2 to the IDA Financing Agreement, as such agreement may be amended by the parties thereto from time to time, and Article V of the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018.

Schedule 2

Allocation Table

1. *Allocation of Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category-IFAD	Description - WB Categories	Grant Amount Allocated (expressed in USD)	Percentage (inclusive of taxes, net of Government and other co-financier contribution)
I.	Goods, Services and Inputs Goods, works, non- consulting services, consulting services, Operating Costs and Training and Workshops under the Project, except for Parts 1.2, and 4 of the Project	3 600 000	100%
TOTAL		3 600 000	

(b) The terms used in the Table above are defined as follows:

“Goods, Services and Inputs” under Category I shall mean eligible expenditures incurred related to goods, works, non-consulting services, consulting services, Operating Costs (approximately USD 560 000) and Training and Workshops under the Project, except for Parts 1.2 and 4 of the Project

“Operating Costs” and “Training and Workshops” under Category I shall have the meaning ascribed to them in the IDA Financing Agreement.

2. *Disbursement arrangements.*

(a) *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs (for consulting services and Operating Costs) incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of two hundred thousand US dollars (USD 200 000).

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the Project will procure and install a customized accounting software or apply equivalent existing accounting/financial system as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the project will enter into Memoranda of Understanding (MoUs) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Recipient shall ensure that a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Environment and Social Safeguards.* The Recipient shall ensure that the Project will be implemented in compliance with the safeguards provisions specified in the IDA Financing Agreement (Section I F of Schedule 2 of the IDA Agreement) and shall ensure that: (a) all Project activities are implemented in strict conformity with the Recipient's relevant laws/regulations, and (b) easily accessible and responsive project-level grievance redress mechanism is established and operates effectively.
5. *Fraud and Corruption.* The Recipient shall ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15 2006 and revised in January 2011 and as of July 2016 ("Anti-Corruption Guidelines"). For the purposes of this Agreement, a finding of corruption pursuant to the provisions of the Anti-Corruption Guidelines shall be deemed a finding of corruption under the "IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations" as may be amended from time to time.
6. *Use of Project Vehicles and Other Equipment.* The Recipient shall ensure that:
 - (a) all vehicles and equipment procured under the Project are used only for Project implementation;
 - (b) The types of vehicles and equipment procured under the Project are appropriate to the needs of the Project; and

All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members				MIS	Annual	ASCD	
	Household members - Number of people		14000	25,000				
	1.a Corresponding number of households reached				MIS	Annual	ASCD	
	Non-women-headed households - Number							
	Women-headed households - Number							
	Households - Number		2800	5000	MIS	Annual	ASCD	
	1 Persons receiving services promoted or supported by the project							
	Females - Number	n/a	800	2000				
	Males - Number		2000	3000				
	Young - Number							
Not Young - Number								
Total number of persons receiving services - Number of people			5000					
Project Goal Increased resilience, nutrition and incomes of rural families	Improved HH dietary diversification				Project survey/SBS and Client satisfaction surveys	MTR and project end	ASCD/FAO -WFP partnership	Natural disaster recovery plans are effectively and timely executed
	Improved HH dietary diversification - Percentage (%)							
	Increase in rural incomes				Project survey/SBS and Client satisfaction surveys	MTR and project end	ASCD/FAO -WFP partnership	
	Increase in rural income - Percentage (%)							
Food production and income recovery after shocks				Project survey/SBS and Client satisfaction surveys	MTR and project end	ASCD/FAO -WFP partnership		
Food production and income recovery - Percentage (%)								
Development Objective Increased rural employment and higher financial returns to smallholder farmers, rural youth and women	Per cent increase in farm incomes				MAF/Partnership reports	Annual	MAF/Lead Partners	Natural disaster recovery plans are effectively and timely executed
	Increase in farm incomes - Percentage (%)							
	2.2.1 New jobs created				MAF/Partnership reports	Annual	MAF/Lead Partners	
	Number of new jobs - Number							
Farm - Number								
Non-farm - Number								
Outcome OUTCOME 1: Improved value chain environment to facilitate small farmers' inclusion	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment				MAF annual reports	Annual	ASCD	
	Number - Number			5				

Output Output 1.1: Communities are empowered to support farming as a business	Number of communities signing a community compact for sustainable family farming business				Signed compacts	Quarterly reports	Service provider	
	Number of communities - Number							
Output Output 1.2: Organised industry players contribute to policy development and sector coordination for inclusive industry growth	Policy 2 Functioning multi-stakeholder platforms supported				MSP minutes	Annual	ASCD	
	Number - Number				MSP minutes	Annual	ASCD	
	Policy 1 Policy-relevant knowledge products completed							
	Number - Number			2				
Outcome OUTCOME 2: Farming households have improved access to markets, technologies and services in target value chains, through different types of business partnerships	Yield in selected fresh produce crops increased by per cent on average				MAF/Partnership reports	Quarterly reports	MAF/Lead partners	Private investors interested in partnering with men and women village farmers
	Yield increase - Percentage (%)							
	Annual value of produce sold (tons)				MAF/Partnership reports	Quarterly reports	MAF/Lead partners	
	Volume of produce sold - Weight (t)							
	1.2.4 Households reporting an increase in production				MAF/Partnership reports	Quarterly reports	MAF/Lead Partners	
	Total number of household members - Number of people							
	Households - Percentage (%)							
	Males - Number							
	Females - Number							
	Young - Number							
Not Young - Number								
Households - Number								
Output Output 2.1: Different types of business partnerships involving farmers and agribusiness, farmers' organisations or service providers are implemented	Number of farming households involved in project-supported partnerships				Partnership reports	Quarterly reports	Lead Partners	Farmers are compensated for and willing to replant tree crops
	Households - Number							
Output Output 2.2: Financial service providers (FSPs) with improved capacities to serve target value chains players	1.2.5 Households reporting using rural financial services				Service provider's report	Quarterly reports	Service provider	FSPs are willing to introduce migrant investment facilities; and adopt cash-flow approaches to lending
	Total number of household members - Number of people							
	Households - Percentage (%)							
	Males - Number							
	Females - Number							
	Young - Number							
	Not Young - Number							
	Households - Number							
	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas				Service Provider's reports	Quarterly reports	Service provider	
Service providers - Number								