

Document: EB 2021/134/R.45
Agenda: 19(b)(iv)(a)
Date: 25 November 2021
Distribution: Public
Original: English

E



President's report

Proposed loan

Republic of Ghana

Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project

Project ID: 2000002673

Note to Executive Board representatives

Focal points:

Technical questions:

Sana F.K Jatta
Regional Director, a.i
West and Central Africa Division
Tel.: +39 06 5459 2333
e-mail: s.jatta@ifad.org

Hani Abdelkader Elsadani-Salem
Country Director
Tel.: +233 55 255 9489
e-mail: h.elsadani@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra
Chief
Institutional Governance and
Member Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

Executive Board — 134th Session
Rome, 13-16 December 2021

For: Approval

Contents

Abbreviations and acronyms	ii
Map of the project area	iii
Financing summary	iv
I. Context	1
A. National context and rationale for IFAD involvement	1
B. Lessons learned	2
II. Project description	2
A. Objectives, geographical area of intervention and target groups	2
B. Components, outcomes and activities	3
C. Theory of change	4
D. Alignment, ownership and partnerships	5
E. Costs, benefits and financing	5
III. Risks	9
A. Risks and mitigation measures	9
B. Environment and social category	9
C. Climate risk classification	9
D. Debt sustainability	9
IV. Implementation	10
A. Organizational framework	10
B. Planning, monitoring and evaluation, learning, knowledge management and communications	10
C. Implementation plans	11
V. Legal instruments and authority	11
VI. Recommendation	11
Appendices	
I. Negotiated financing agreement (will be made available prior to the session)	
II. Logical framework	
III. Integrated project risk matrix	

Project delivery team

Regional Director:	Sana F.K. Jatta (a.i.)
Country Director:	Hani Abdelkader Elsadani-Salem
Technical Lead:	Jonathan Ndaa Agwe
Finance Officer:	Federico Rossetti
Climate and Environment Specialist:	Amath Pathe Sene
Legal Officer::	Itziar Garcia Villanueva

Abbreviations and acronyms

AAFORD	Affordable Agricultural Financing for Resilient Rural Development Project
AWPB	annual workplan and budget
BFF	blended finance facility
ESMF	environmental and social management framework
ESMP	environmental and social management plan
ERR	economic rate of return
ESRF	Emergency Support to Rural Livelihoods and Food Systems Exposed to COVID-19
GASIP	Ghana Agricultural Sector Investment Programme
GCF	Green Climate Fund
GIFMIS	Government Integrated Financial and Management Information System
GoG	Government of Ghana
ICO	IFAD Country Office
IFAD11	Eleventh Replenishment of IFAD's Resources
IGREENFIN	Inclusive Green Financing Initiative
M&E	monitoring and evaluation
MoFA	Ministry of Food and Agriculture
MSME	micro, small and medium-sized enterprise
PCU	project coordination unit
PFI	participating financial institution
PPA	Public Procurement Authority
PROSPER	Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project
REP	Rural Enterprises Programme
RI	rural institution
SDG	Sustainable Development Goal
VC	value chain

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 | 20-09-2021

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of Ghana
Executing agency:	IFAD
Total project cost:	US\$147.3 million
Amount of IFAD loan:	US\$52.5 million
Terms of IFAD loan:	33 per cent highly concessional terms and 67 per cent on blend terms
Cofinanciers:	Green Climate Fund (GCF), participating financial institutions, private sector, beneficiaries, Government of Ghana
Amount of cofinancing:	Participating financial institutions: US\$2.4 million Private sector: US\$2.5 million GCF: US\$25.4 million
Terms of cofinancing:	Loans; grants
Contribution of borrower:	US\$22.5 million
Contribution of beneficiaries:	US\$19.3 million
Financing gap:	US\$22.7 million
Amount of IFAD climate finance:	US\$14.9 million
Cooperating institution:	IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 56.

I. Context

A. National context and rationale for IFAD involvement

National context

1. Ghana is a lower-middle-income country with a relatively strong economy, despite its dependence on the export of a limited number of commodities and vulnerability to commodity price shocks and climate change. The impacts of COVID-19 have included economic slowdown and socio-economic challenges. Poverty, food and nutrition insecurity remain high: 23 per cent of Ghana's population is poor and 8.2 per cent live in extreme poverty. Ghana has a 7 per cent prevalence of undernourishment, and the prevalence of moderate and severe food insecurity stands at 49.6 per cent.
2. The highest prevalence of poverty in the country is in the Northern Belt and some regions in the Middle Belt – up to 62 per cent in rural areas. Most rural communities engage in low-input, low-output rain-fed farming with small ruminants. Within a heavily depleted natural resource base, these farmers are effectively cut off from the national economy. Constraints in the sector are compounded by the negative effects of climate change.

Alignment with IFAD's corporate mainstreaming priorities

3. In line with mainstreaming commitments related to the Eleventh Replenishment of IFAD's Resources (IFAD11), the Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project (PROSPER) has been validated as including the following components:
 - ☒ **Including climate finance.** PROSPER will integrate adaptation and mitigation measures into value chain packages, supported by special financial mechanisms promoted by the project.
 - ☒ **Nutrition-sensitive.** PROSPER will: increase production of highly nutritious crops and animal-sourced foods; promote food conservation, post-harvest processing and value addition; and contribute to more nutritious diets by providing nutrition education and social behaviour change communication.
 - ☒ **Youth-sensitive.** PROSPER will support the establishment of youth-led enterprises along the selected value chains, and will provide targeted assistance through financial inclusion, skills development and capacity-building.
4. **Climate and environment.** Rural communities continue to rely on fuelwood, resulting in forest depletion at an estimated 2 per cent loss per year. Agriculture is the second largest contributor to greenhouse gas emissions after the energy sector. Ghana is committed to implementing its National Climate Change Policy, as highlighted in its national climate change communication to the United Nations Framework Convention on Climate Change and nationally determined contribution to the Paris Agreement.
5. **Gender.** Although women constitute 58 per cent of Ghana's rural labour force, Ghana is ranked 117 out of 156 countries in the World Economic Forum Global Gender Gap Report. In 2015, the Government adopted the National Gender Policy and the Gender and Agricultural Development Strategy.
6. **Nutrition.** Stunting affects 17.5 per cent of children under 5 years of age while wasting affects 6.8 per cent. The National Nutrition Policy focuses on feeding practices for infants and young children, nutrition among women of reproductive

age and the promotion of nutritionally adequate safe diets. Ghana joined the Scaling-up Nutrition Movement in 2011.

7. **Youth.** Rural areas include 56 per cent youth, 12 per cent unemployed and 50 per cent under-employed according to a 2020 estimate. This results in growing migration from rural to urban areas. Government outreach and development initiatives to provide jobs, capacity and opportunities to youth from semi-subsistence smallholder families remain limited.
8. **People with disabilities** make up 3 per cent of the country's population. There is a strong correlation between disabilities, poverty and socio-economic status of affected households. Ghana adopted the Persons with Disability Act (Act 715) in 2006.

Rationale for IFAD involvement

9. The persistence of intractable poverty in rural communities dependent on rain-fed agriculture is an underlying issue. The remedy is to uplift rural economies by transforming the bedrock of small-scale farming from predominantly subsistence to financially and environmentally sustainable systems tied into functioning markets.

B. Lessons learned

10. Building the capacity of rural institutions is a priority for the project. The aim is to enable rural institutions and micro, small and medium-sized enterprises (MSMEs) to: generate internal capital; progress towards purposeful "farming as a business"; and enter enduring agribusiness partnerships to facilitate market access.
11. To succeed, production must be both financially and environmentally sustainable. A transition is needed from past production practices to climate-smart agriculture and natural resource management – both on and off farm. Climate change adaptation and mitigation measures have demonstrated high levels of adoption when included in production packages linked to markets and financial instruments.
12. The lack of regular access to affordable finance has proved an insurmountable constraint for rural institutions and MSMEs in the past. There is an urgent need for capacity-building and product development, including measures to mitigate climate risks for rainfed crop production.
13. The design of this project has benefited from IFAD's prior experience with financing instruments targeted to the most disadvantaged beneficiaries, emphasizing each candidate group's cohesion and potential.

II. Project description

A. Objectives, geographical area of intervention and target groups

14. **Development objective.** PROSPER seeks to strengthen the integration, climate resilience and environmental sustainability of smallholders and businesses in priority value chains in the Northern and Middle Belts, taking advantage of the increased demand generated by the Government to strengthen agroprocessing.
15. In addition, the project will support the development of tree crop value chains, poultry production and opportunities for people with disabilities, which has not been addressed by ongoing IFAD projects except on an emergency basis during COVID-19. This will be the first intervention in Ghana to incorporate the Green Climate Fund (GCF) within the agricultural sector.
16. The project's **geographical targeting strategy** includes Ghana's rural population needs, high prevalence of poverty and food and nutrition insecurity, strong concentration of young women and men in rural areas, presence of economic opportunities, degradation of the productive natural resource base, and climate vulnerability. As a consequence, the project's geographic area extends to all five regions in the Northern Belt and three neighbouring regions in the Middle Belt (Bono East, Bono and Oti).

17. PROSPER's primary **target groups** are the poor and poorest households with limited access to assets and economic opportunities due to marginalization and the negative impacts of climate change. Rural institutions and MSMEs will be targeted by the project.
18. The poorest households hold no more than 1 ha of cultivable land or are landless, while poor households hold less than 2 ha of cultivable land. Vulnerable people within the poor rural population include: women (40 per cent); unemployed young women and men between 18 and 35 years (30 per cent); and economically active people with disabilities (5 per cent), many of whom belong to the poorest households.
19. Market-oriented farmers with 2–10 ha of cultivable land will also benefit from project support. The total number of beneficiaries is estimated at 100,000. In line with IFAD's targeting guidelines, PROSPER will employ a combination of geographical, community, self and direct-targeting mechanisms.
20. The primary safeguards against elite capture will be self-targeting, the participatory identification of poor and other priority households, and rigorous screening. The project team will ensure compliance with pre-approved, objective selection criteria and transparent information sharing and decision-making.

B. Components, outcomes and activities

21. **Component 1: Development of rural institutions and socio-economic infrastructure.** The expected outcome is improved and sustainable livelihoods in target areas supported by strengthened rural institutions and improved socio-economic infrastructures. These actions are concentrated on investing in public goods to benefit the targeted 100,000 beneficiaries.
 - **Subcomponent 1.1: Capacity-building of rural institutions, enterprises and households,** (US\$11.3 million – 7.7 per cent of the total project cost), comprises a range of institution-building and skill-transfer activities aimed at enabling target groups to: (i) take ownership of and accountability for their own development initiatives; (ii) promote sustainable community-based natural resource management; (iii) strengthen their ability to implement modern, sustainable and climate-resilient farming; and (iv) adopt healthier diets and gender equity.
 - **Subcomponent 1.2: Development of socio-economic infrastructure,** (US\$24.3 million – 16.5 per cent of the total budget), seeks to accomplish investments in public goods identified by local communities through the cluster planning process. Three complementary types of climate-resilient infrastructure will be eligible: (i) off-farm or watershed works, and hazard mitigation measures; (ii) feeder roads and farm tracks; and (iii) communal social infrastructure.
22. **Component 2: Strengthening economic benefits for smallholders and small operators around selected agricultural value chains.** The expected outcome is smallholders and small businesses drawing greater benefits from increasing market outlets for agricultural produce through comprehensive financial, capacity and marketing support. The first component will invest in targeted communities' human, physical and natural resources, while the second in "private goods" to boost the earning capacity of agricultural producer groups (youth in particular) and related enterprises in a sustainable manner.
 - **Subcomponent 2.1: Sustainable market linkages and business development,** (US\$ 13.3 million – 9 per cent of the total cost), comprises three activities. **Value chain analysis** will examine each selected national value chain and map the actors close to target communities. **Promotion of linkages between producers and value chain actors** will aim at promoting sustainable and equitable contract agreements between producers

engaged in climate-resilient farming and large-scale agribusinesses. This activity will focus on rural institutions and MSMEs that demonstrate interest and potential in capacity-building interventions. The project will generate sound, achievable and fully costed **business plans** that are suitable to the resources and prospects of each entity, green in design, and climate-resilient.

23. **Subcomponent 2.2: Access to rural financial services**, (US\$85.8 million – 58.2 per cent of the total cost) aims to promote a savings culture among beneficiaries, facilitate the implementation of business plans and ensure enduring access to affordable financial resources. Through rural institutions and related MSMEs, farmers will be integrated into expanding value chains and have lasting access to affordable financial services for developing agribusinesses – including green investments – to stimulate rapid sectoral development. Financial services supported by the project will be structured around three instruments tailored to the capacities of beneficiary groups. The first, **savings and loan groups**, will aim to spark greater savings within target communities. The second, a **matching grants fund**, will facilitate emerging rural institutions’ engagement in commercial agriculture and smaller MSMEs’ participation in selected value chains, as well as support the promotion of food and nutrition security among the most vulnerable groups. The third, a **blended finance facility (BFF)**, will operate to ensure sustainable access to financial services for growing rural institutions and MSMEs while crowding in private capital. The BFF will include lines of credit from the GCF/Inclusive Green Financing Initiative (IGREENFIN). To ensure that PROSPER provides green loans and grants, the eligibility criteria listed in the IGREENFIN operational manual for green investments will be applied to all loans and grants.
24. **Component 3: Project management and policy engagement.** The expected outcome is efficient and timely delivery of development results and support to evidence-based sectoral policy formulation.
 - **Subcomponent 3.1: Project management**, (US\$ 12.4 million – 8.4 per cent of the total cost). PROSPER will be facilitated by an implementation support structure embedded in the host Government agency, acting as a liaison with the project team and providing: technical and financial support for project management; reporting and accounting; proactive knowledge management and learning; and monitoring and evaluation.
 - **Subcomponent 3.2: Policy engagement**, (US\$300,000 – 0.2 per cent), will promote an enabling policy environment to achieve the project’s goals and objectives. This will include climate/green finance, creating incentives for financial institutions and the private sector to invest in green and climate-resilient agricultural value chains; addressing barriers to private investment in value chains; and increasing access to productive land for women and youth, and the availability of financial services for smallholders and MSMEs.
25. A cautious phased approach will be followed, starting with few regions where project-wide inception activities will be carried out without over-extending government and management resources and aligning with the pattern of project financing. The project will be scaled up to the remaining regions, according to defined trigger conditions such as: filling the project’s financing gap; the Government meeting its cofinancing commitments during the initial phase; and agreements with implementing partners being established and progressing well. If one or more of the above conditions are not met, this could lead to restructuring of the project and other possible remedies to be addressed through an early midterm review.

C. Theory of change

26. The project’s investments in the technical and business capacities of small-scale producers (along with a shift to climate-friendly farming systems) are intended to

enable entire communities to progress from subsistence-oriented production to financially and environmentally sustainable production linked with expanded national value chains. The project will work to: close the current gaps between rural producers and markets; expedite contract arrangements; and introduce innovative green financing modalities that make credit affordable. The rise in profitable primary production and related services is expected to result in a broad economic boost for rural communities, greater inclusion of marginalized and vulnerable groups, and a reduction in poverty, food insecurity and nutritional insecurity.

D. Alignment, ownership and partnerships

27. PROSPER is closely aligned with the SDGs, the United Nations Sustainable Development Cooperation Framework, the Government's development policy framework and IFAD's Strategic Framework 2016–2025. It will contribute to the strategic objectives identified in IFAD's country strategic opportunities programme for Ghana and will be implemented in coordination with development partners; such as the Food and Agriculture Organization of the United Nations, the World Food Programme, the World Bank, the African Development Bank, the European Union and Global Affairs Canada.

E. Costs, benefits and financing

28. The financing gap of US\$22.7 million may be sourced through subsequent performance-based allocation system cycles (under financing terms to be determined and subject to internal procedures and Executive Board approval), or by cofinancing identified during implementation.
29. Project components 1 and 2 are partially counted as climate finance. The preliminary amount of IFAD climate finance for this project is calculated as US\$14.96 million, as per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance.

Project costs

30. The total project costs for eight years are estimated at US\$147.3 million or GHS 1.25 billion, including contingencies. The costs of activities have been assessed at: US\$35.6 million (24.1 per cent of the total cost) for component 1; US\$99.1 million (67.2 per cent) for component 2; and US\$12.7 million (8.6 per cent) for component 3 (implementation support).

Table 1

Project costs by component/subcomponent and financier

(Millions of United States dollars)

Component/ subcomponent	IFAD		Financing Gap		GCF		Other cofinanciers		Beneficiaries		Borrower		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Development of rural institutions and socio-economic infrastructure														
1.1 Capacity-building of rural institutions, enterprises and households	4.8	42.6	2.5	22.0	0.5	4.8	-	0.0	-	0.0	3.5	30.6	11.3	7.7
1.2 Development of socio-economic infrastructure	17.4	71.9	3.2	13.1	-	0.0	-	0.0	-	0.0	3.6	15.0	24.3	16.5
Subtotal	22.3	62.6	5.7	15.9	0.5	1.5	-	0.0	-	0.0	7.1	19.9	35.6	24.1
2. Strengthening the economic benefits for smallholders and small operators around selected agricultural value chains														
2.1 Sustainable marketing linkages and business development	1.5	11.0	6.5	48.8	1.4	10.3	-	0.0	-	0.0	4.0	29.9	13.3	9.0
2.2 Access to rural financial services	25.7	29.9	4.3	5.0	21.8	25.4	4.9	5.7	19.3	22.5	9.8	11.4	85.8	58.2
Subtotal	27.2	27.4	10.8	10.9	23.2	23.4	4.9	4.9	19.3	19.5	13.8	13.9	99.1	67.2
3. Project management and policy engagement														
3.1 Project management	3.0	24.5	6.1	49.3	1.6	13.3	-	0.0	-	0.0	1.6	12.8	12.4	8.4
3.2 Policy engagement	0.0	14.7	0.2	50.7	0.1	19.5	-	0.0	-	0.0	0.1	15.0	0.3	0.2
Subtotal	3.1	24.2	6.3	49.4	1.7	13.5	-	0.0	-	0.0	1.6	12.9	12.7	8.6
Total	52.5	35.6	22.7	15.4	25.4	17.3	4.9	3.3	19.3	13.1	22.5	15.3	147.3	100.0

Table 2

Project costs by expenditure category and financier

(Millions of United States dollars)

Expenditure category	IFAD11		Financing gap		GCF adaptation		GCF mitigation		GCF grant		Financial institutions		Beneficiaries		Private sector		Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Investment costs																				
Civil works	16.9	72.0	3.0	12.8	-	-	-	-	-	-	-	-	-	-	-	-	3.5	15.0	23.4	15.9
Equipment, goods and vehicles	1.0	27.9	1.5	41.9	-	-	-	-	-	-	-	-	-	-	-	-	1.1	30.2	3.6	2.5
National consultants	3.1	25.1	5.5	43.9	-	-	-	-	2.0	16.1	-	0.3	-	-	-	-	1.8	14.6	12.4	8.4
Training and workshops	5.6	39.6	5.8	40.9	-	-	-	-	2.0	14.4	-	-	-	-	-	-	0.7	5.0	14.2	9.6
Grants and subsidies	11.6	60.0	1.0	5.0	-	-	-	-	-	-	-	-	6.7	35.0	-	-	-	-	19.3	13.1
Credit, guarantee funds	12.2	19.7	2.5	4.0	13.8	22.2	6.9	5.1	-	-	2.4	3.7	12.6	20.2	2.5	4.1	9.3	15.0	62.1	42.2
Total investment costs	50.4	37.3	19.2	14.2	13.8	10.2	6.9	5.1	4.0	3.0	2.4	1.7	19.3	14.3	2.5	1.9	16.5	12.2	135.0	91.7
Recurrent costs																				
Salaries and allowances	0.7	7.1	2.9	28.9	-	-	-	-	0.7	7.0	-	-	-	-	-	-	5.7	57.0	10.1	6.8
Operating costs	1.3	60.3	0.5	24.7	-	-	-	-	-	-	-	-	-	-	-	-	0.3	15.0	2.2	1.5
Total recurrent costs	2.0	16.7	3.5	28.2	-	-	-	-	0.7	5.7	-	-	-	-	-	-	6.1	49.5	12.3	8.3
Total	52.5	35.6	22.7	15.4	13.8	9.3	6.9	4.7	4.7	3.2	2.4	1.6	19.3	13.1	2.5	1.7	22.5	15.3	147.3	100.0

Table 3

Project costs by component and subcomponent and project year

(Thousands of United States dollars)

	<i>Totals including contingencies</i>								
	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>Total</i>
1. Development of rural institutions and socio-economic infrastructure									
1.1. Capacity-building of rural institutions, enterprises and households	786.3	1 211.1	1 615.5	2 769.0	2 162.4	1 172.9	958.4	622.0	11 297.6
1.2. Development of socio-economic infrastructure	26.5	2 321.3	4 561.1	4 942.0	5 040.8	3 634.7	3 707.4	30.7	24 264.5
Subtotal	812.8	3 532.4	6 176.6	7 710.9	7 203.2	4 807.6	4 665.9	652.7	35 562.1
2. Strengthening the economic benefits for smallholders and small operators around selected agricultural value chains									
2.1. Sustainable marketing linkages and business development	924.6	1 548.9	2 082.7	2 613.7	2 544.8	1 889.2	1 043.4	663.9	13 311.1
2.2. Access to rural financial services	465.9	11 483.9	13 402.8	15 149.0	16 792.2	15 285.4	12 229.6	954.1	85 762.8
Subtotal	1 390.5	13 032.8	15 485.4	17 762.6	19 337.0	17 174.6	13 273.0	1 617.9	99 073.9
3. Project management and policy engagement									
3.1. Project management	1 814.3	1 074.6	1 779.4	1 625.5	1 759.4	1 523.4	1 392.0	1 402.8	12 371.3
3.2. Policy engagement	23.6	72.7	35.9	36.6	77.5	38.1	26.9	27.4	338.7
Subtotal	1 837.9	1 147.3	1 815.2	1 662.1	1 836.9	1 561.5	1 418.9	1 430.2	12 710.0
Total	4 041.2	17 712.5	23 477.2	27 135.7	28 377.1	23 543.7	19 357.7	3 700.8	147 346.0

Financing and cofinancing strategy and plan

31. The project will be financed by an IFAD loan of US\$52.5 million from IFAD11, corresponding to 35.6 per cent of the total project cost; a financing gap of US\$22.7 million that will be potentially financed from IFAD12 (15.4 per cent). Additional contributions will come from: GCF, with US\$25.4 million in parallel financing (17.3 per cent); the Government, with US\$22.5 million, mainly in the form of government staff cost, tax and duty exemptions (15.3 per cent); participating financial institutions, with US\$2.4 million (1.6 per cent); private sector institutions, with US\$2.5 million (1.7 per cent); and beneficiaries, with US\$19.3 million (13.1 per cent) in form of cash and in-kind contributions to access credit facilities. For each US\$1 of IFAD financing, the domestic contribution is US\$0.62 and the international contribution is US\$0.34. The domestic contribution accounts for 31.7 per cent of the total project cost, including the beneficiary contribution.

Disbursement

32. The IFAD funds will be disbursed into a designated account denominated in United States dollars at the Central Bank of Ghana, and will be operated by the project coordination unit (PCU) using the national system. An operational bank account in the local currency will also be used. The proceeds from the designated account will be used exclusively to finance eligible project expenditures, as stipulated in schedule 2 of the financing agreement. Funds will be transferred periodically from the designated to the operational account for expenditures eligible for IFAD financing. Additional designated and operational accounts will be opened for GCF financing. Fund-flow arrangements will be organized in line with public financial management procedures adopted by the Government. Report-based disbursement methods will apply to the project, with disbursements based on interim project financial reports, which will be specified in the letter to the borrower. Other methods of disbursement will include advances, direct payments and reimbursements.

Summary of benefits and economic analysis

33. Farmers are expected to benefit directly from the project, including women and youth. In addition, MSMEs and rural institutions will take advantage of the project's positive impacts. Indirect beneficiaries will include local institutions and the families of workers employed directly by the project. The targeted areas will benefit from a boost in the local economy driven by the project activities.
34. The main benefit stream analysed is the income and profits derived from business activities around the targeted value chains. Other significant non-financial benefits include: improved access through feeder roads and farm tracks; enhanced productive potential created by on- and off-farm watershed works and natural resource remediation; communal assets; increased tax revenues; and enhanced nutrition security.
35. Economic analysis, based on models elaborated for the principal production modes supported by PROSPER, yield an ERR of 21.4 per cent. Sensitivity analysis shows this ERR to be robust under different adverse scenarios. A simultaneous increase in costs of between 10 per cent and 60 per cent, combined with a decrease in benefits of 10 per cent, yields an ERR greater than or equal to the opportunity cost of capital (assumed to be 12.25 per cent).

Exit strategy and sustainability

36. The exit strategy comprises a natural and sequential phasing away from supported activities as linkages with the private sector are strengthened. A high level of participation from the Government, beneficiaries and partner institutions is planned from the outset to ensure ownership by local stakeholders. The exit strategy maybe modified in case triggers for the expansion phase are not met and the project is restructured.

III. Risks

A. Risks and mitigation measures

37. The main risks and corresponding mitigation measures for the project are presented in the integrated project risk matrix (appendix III). The PCU will be trained to refine the matrix during implementation and establish a risk log, including tools for the identification, analysis, prevention, monitoring and management of risks. The risk log will be updated regularly to inform decision-making.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	High	Substantial
Sector strategies and policies	Substantial	Moderate
Environment and climate context	High	Moderate
Project scope	Substantial	Moderate
Institutional capacity for implementation and sustainability	High	Moderate
Financial management	Moderate	Low
Project procurement	Substantial	Moderate
Environment, social and climate impact	Moderate	Low
Stakeholders	Substantial	Moderate
Overall	Substantial	Moderate

B. Environment and social category

38. The potential environmental and social risks rating is **moderate to low**. The main risks relate to value chain activities, predominantly rainfed primary production and value addition, and socio-economic infrastructure including natural resource remediation works, and feeder roads and farm tracks. Most of the environmental impacts are expected to be small in scale, site-specific and avoidable or reduced with mitigation plans. As a **category B** operation, a formal environmental and social impact assessment is required. Further analysis of the conflict dimensions and site-specific environmental and social management plans will be mainstreamed throughout implementation. A climate and safeguards officer and a gender, social inclusion and vulnerability specialist will be engaged to ensure compliance with safeguards and project sustainability.

C. Climate risk classification

39. From a climate change risk assessment standpoint, the project risk is classified as **high**. The target communities are dependent on climate-sensitive natural resources, especially rainfed agriculture and tree crops. The project area is increasingly exposed to droughts and flash flooding, unexpected dry spells, unpredictable rainfall and extreme temperatures. Greenhouse gas emissions may increase through greater crop and animal production, processing, and the negative effects of climate variability.

D. Debt sustainability

40. Since 2015, the annual World Bank–International Monetary Fund debt sustainability analysis index has rated Ghana’s debt as sustainable.
41. According to the 19 July 2021 consultation by the International Monetary Fund Executive Board, Ghana was hit hard by the COVID-19 pandemic. The government response helped to contain the pandemic and support the economy, but it led to a record fiscal deficit. Although the economic outlook is improving, risks remain; the pandemic has had a severe impact on economic activity, with public debt rising to 79 per cent of GDP.

IV. Implementation

A. Organizational framework

Project management and coordination

42. As the lead project agency, the Ministry of Food and Agriculture of the Republic of Ghana will host PROSPER. A project steering committee will provide overall implementation oversight. A PCU will be responsible for coordination of project activities and for fiduciary, climate change and environmental and social safeguards, including gender and vulnerability. The PCU will be based in the project area and will work with the appropriate government staff. A dedicated team reporting to the PCU will be anchored within ARB Apex Bank to manage the BFF.

Financial management, procurement and governance

43. The PCU will be responsible for all financial management. The financial management system will meet the fiduciary requirements of IFAD, the Government and other stakeholders. The PCU will oversee and implement all procurement transactions, including procurement carried out by GCF funding.
44. IFAD's anticorruption policies and whistle-blowing procedures will be included in the project implementation manual. IFAD applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in all projects financed through its loans and grants.¹

Project target group engagement and feedback

45. The project's strategy for ensuring transparency and citizen participation will include: transparent access to information and reporting; monitoring and evaluation of implementing partners, beneficiaries and third parties; active engagement of civil society; creation of a beneficiary-feedback mechanism; and transparent selection of procurement service providers.

Grievance redress

46. The environmental and social management framework will include the IFAD complaints procedure as a grievance redress mechanism. It will be aligned with whistle-blower protection procedures aimed at protecting informants.²

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

47. **Project planning** will follow current practices for IFAD-funded projects in Ghana. The main planning tool will be the annual workplan and budget.
48. **Monitoring and evaluation** will inform stakeholders and the PCU about the performance and effectiveness of implementation as a basis for management decision-making. A results-based approach will be adopted, measuring progress against the targets of the annual workplan and budget.
49. **Learning, knowledge management and communications** will comprise a knowledge management and communication strategy to capture and disseminate knowledge gained on critical issues during implementation. PROSPER will participate in, contribute to and benefit from the South-South and Triangular Cooperation activities under IGREENFIN regional activities.

Innovation and scaling up

50. An innovative feature of the project is the application of climate finance at scale to reduce poverty, and food and nutrition insecurity – a first in Ghana. Substantial climate financing will ramp up the transition from a failing growth-oriented approach to agricultural development that is financially and environmentally

¹ See [Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations](#).

² See [Framework for Operational Feedback from Stakeholders: Enhancing Transparency, Governance and Accountability](#).

sustainable. Successful technologies to be scaled up through PROSPER include the web-based monitoring and evaluation system designed by the Rural Enterprises Programme and the dissemination of weather forecasts.

C. Implementation plans

Implementation readiness and start-up plans

51. The IFAD Country Office will coordinate with the lead project agency to ensure readiness for project implementation. Key preparatory and start-up activities include: (i) preliminary mapping and identification of target communities; (ii) preparation for partnerships with key project partners; and (iii) consolidation of the existing partnership with the Bank of Ghana and ARB Apex Bank.

Supervision, midterm review and completion plans

52. Project supervision will be carried out directly by IFAD. A midterm review will be conducted at the end of year 4. A timely project completion review will be based on an independent project completion evaluation.

V. Legal instruments and authority

53. A project financing agreement between the Republic of Ghana and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement will be made available prior to the session.
54. The Republic of Ghana is empowered under its laws to receive financing from IFAD.
55. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

56. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on blend terms to the Republic of Ghana in the amount of thirty-five million, one hundred and seventy-five thousand dollars (US\$35,175,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on highly concessional terms to the Republic of Ghana in the amount of seventeen million, three hundred and twenty-five thousand dollars (US\$17,325,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Negotiated financing agreement

(Will be made available prior to the session)

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach Total number of persons receiving services promoted or supported by PROSPER	1.b Estimated corresponding total number of households members				Project reports	Semi-annual	PROSPER PCU	Effective stakeholder identification, needs assessment and gender/youth targeting is carried out at the community level
	Household members - Number of people	0	210000	420000				
	1.a Corresponding number of households reached				Project reports	Semi-annual	PROSPER PCU	
	Households - Households	0	35000	70000				
	1 Persons receiving services promoted or supported by the project				Project reports	Semi-annual	PROSPER PCU	
	Males - Males	0	30000	60000				
	Females - Females	0	20000	40000				
	Young - Young people	0	15000	30000				
	Total number of persons receiving services - Number of people	0	50000	100000	Ghana Statistical Services/ PROSPER surveys	Mid-term Review and completion	PROSPER PCU	
	PWD receiving services promoted or supported by the project							
	Females - Number	0	1000	2000				
	Males - Number	0	1500	3000				
	Young - Number	0	750	1500				
Total number of PwD receiving services - Number of people	0	2500	5000					
Project Goal Contribute to reduced poverty, improved natural resources management and healthy, sustainable and climate resilient rural livelihoods.	HH living below the poverty line in the districts targeted				Ghana Statistical Services/ PROSPER surveys	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region
	Households - Percentage (%)	0		8				
	Households reporting reduction in production losses due to adverse climate events				Ghana Statistical Services/ PROSPER surveys using COI methodology	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Households - Percentage (%)	0		70				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Development Objective Strengthen the integration, climate resilience and environmental sustainability of smallholders and businesses in priority VCs in the Northern and Middle Ecological Belts taking advantage of the increased demand created by the national agro-processing strategy.	Percentage of target households in the project supported communities reporting an increase in income contributed to by the services provided by the Project				Baseline survey, Project reports	Baseline, Mid-term Review and completion	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Targeted households - Percentage (%)	0		60				
	2.2.1 Persons with new jobs/employment opportunities				Baseline survey, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Males - Males	0	3338	6675				
	Females - Females	0	2225	4450				
	Young - Young people	0	5000	10000				
	Total number of persons with new jobs/employment opportunities - Number of people	0	5563	11125				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				Baseline survey, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	Mid-term Review and completion	
	Household members - Number of people	0		315000				
	Households (%) - Percentage (%)	0		75				
	Households (number) - Households	0		52500				
	SF.2.1 Households satisfied with project-supported services				Baseline survey, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	Mid-term Review and completion	
	Household members - Number of people	0		315000				
	Households (%) - Percentage (%)	0		75				
Households (number) - Households	0		52500					
Outcome Outcome 1. Financially and environmentally sustainable	Rural Institutions with improved capacity				Baseline survey using COI	Baseline, Mid-term Review and completion survey	PROSPER PCU	Political stability. Macroeconomic conditions remain stable

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
livelihoods developed and nutrition security enhanced in project areas					methodology, Project reports			or improve. No major political shocks in the region.
	Rural Institutions - Number	0	1687	3375				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Total number of household members - Number of people	0		252000				
	Households - Percentage (%)	0	30	60				
	Households - Number	0	21000	42000				
	3.2.1 Number of tons of greenhouse gas emissions (CO2) avoided and/or sequestered				Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Hectares of land - Area (ha)	0		39 217				
	tCO2e/20 years - Number	0		-1 945 462				
	tCO2e/ha - Number	0		-49.60				
	tCO2e/ha/year - Number	0		-2.50				
	1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)				Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Women-headed households - Households	0		672				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Households (number) - Households	0		8400				
	Households (%) - Percentage (%)	0		70				
	Household members - Number of people	0		50400				
	Persons in rural areas accessing public socio-economic infrastructures to build environmental resilience				Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey	PROSPER PCU	
	Persons - Percentage (%)	0		40				
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities				Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Households reporting improved physical access to markets - Percentage (%)	0		10				
Output Output 1.1 Strengthening of rural institutions and enterprises	Rural Institutions and MSMEs trained				M&E Data/ Component reports	Annually	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Rural Institutions - Number	0	2250	4500				
	MSMEs - Number	0	400	800				
Output Output 1.2 Climate proofing smallholder production technologies	Climate smart demonstrations installed				M&E Data/ Component reports	Annually	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Demonstrations - Number	0	100	320				
	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks				M&E Data/ Component reports	Annually	PROSPER PCU	
	Total size of groups - Number of people	0	50000	100000				
	Groups supported - Groups	0	2560	5300				
	Males - Males	0	30000	60000				
Females - Females	0	20000	40000					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Young - Young people	0	15000	30000	M&E Data/ Component reports	Annually	PROSPER PCU	
	3.1.2 Persons provided with climate information services							
	Males - Males	0	9000	18000				
	Females - Females	0	6000	12000				
	Young - Young people	0	4500	9000				
	Persons provided with climate information services - Number of people	0	15000	30000				
	Output Output 1.3 Promotion of nutrition-sensitive farming and healthy-diets	1.1.8 Households provided with targeted support to improve their nutrition						
Total persons participating - Number of people		0	15000	72000				
Males - Males		0	7500	36000				
Females - Females		0	7500	36000				
Households - Households		0	2500	12000				
Young - Young people		0	7500	7500				
1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services				M&E Data/ Component reports	Annually	PROSPER PCU		
Males - Males		0	30000				60000	
Females - Females		0	20000				40000	
Young - Young people		0	15000				30000	
Persons in rural areas trained in FL and/or use of FProd and Services (total) - Number of people		0	50000				100000	
Output Output 1.4 Development of socioeconomic infrastructures	Clusters benefitting from infrastructures for enhancing environmental management and climate resilience (off-farm/watershed and communal social infrastructures)				M&E Data/ Component reports	Annually	PROSPER PCU	Political stability. Macroeconomic conditions remain stable

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Clusters - Number	0	60	320				
2.1.5 Roads constructed, rehabilitated or upgraded				M&E Data/ Component reports	Annually	PROSPER PCU		
Length of roads - Km	0	90	90					
Outcome Outcome 2. Smallholders and small businesses are empowered to take advantage of the increasing market demand for agricultural produce	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities				Baseline survey using COI methodology, Project reports	Baseline survey using COI methodology, Project reports	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Number of POs - Organizations	0	1013	2025				
	1.2.4 Households reporting an increase in production				Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	Total number of household members - Number of people	0	175000	350000				
	Households - Percentage (%)	0	25	50				
	Households - Households	0	25000	50000	Baseline survey using COI methodology, Project reports	Baseline, Mid-term Review and completion survey using COI methodology	PROSPER PCU	
	1.2.5 Households reporting using rural financial services							
	Total number of household members - Number of people	0	175000	350000				
	Households - Percentage (%)	0	25	50				
	Households - Households	0	25000	50000	M&E Data/ Component reports	Annually	PROSPER PCU	
2.1.3 Rural producers' organizations supported								
Total size of POs - Organizations	0	45000	90000					
Rural POs supported - Organizations	0	2250	4500					
Males - Males	0	27000	54000					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Females - Females	0	18000	36000				
	Young - Young people	0	13500	27000				
Output Output 2.2 Access to rural financial services	1.1.5 Persons in rural areas accessing financial services				M&E Data/ Component reports	Annually	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Women in rural areas accessing financial services - savings - Females	0	12000	12000				
	Young people in rural areas accessing financial services - savings - Young people	0	9000	9000				
	Men in rural areas accessing financial services - savings - Males	0	18000	18000				
	Men in rural areas accessing financial services - credit - Males	0	7200	14400				
	Women in rural areas accessing financial services - credit - Females	0	4800	9600				
	Young people in rural areas accessing financial services - credit - Young people	0	3600	7200				
	Total persons accessing financial services - savings - Number of people	0	30000	30000				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Total persons accessing financial services - credit - Number of people	0	12000	24000				
Outcome Outcome 3. Development of an enabling policy environment that will help achieve the project's goals and objectives	Policy 3 Number of existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment				Baseline survey using COI methodology, Project reports	Baseline survey using COI methodology, Project reports	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Number	0	0	2				
Output Output 3.1 Financial policies to enhance smallholders' access to financial services and formalize MSMEs	Policy 1 Number of policy-relevant knowledge products completed				M&E Data/ Component reports	Annually	PROSPER PCU	Political stability. Macroeconomic conditions remain stable or improve. No major political shocks in the region.
	Knowledge Products - Number	0	5	10				

Integrated Project Risk Matrix

Country Context	High	Substantial
Political Commitment	High	Substantial
Risk: <p>A change of Government and Ministers in the relevant Ministries during the project cycle may result in implementation delays, lack of interest from a new elected Government, or even civil unrest. While the overall system is stable and in the past democratic elections have seen peaceful transitions, the change in Government or priorities could lead to issues. This is magnified in the significant risks related to counterpart funding, corruption perception index and quality of public administration.</p>	High	Substantial
Mitigations: <p>PROSPER will maintain a regular engagement with relevant Government officials to address issues on project management (communication, information sharing, reporting) throughout the entire project cycle. Political environment will be continuously monitored, and appropriate measures will be developed in case the need to deal with political changes arises, including re-alignment of project with Government agenda.</p>		
Governance	Substantial	Moderate
Risk: <p>The risk that the country exhibits governance failures that may undermine project implementation and achievement of project development objectives. Another risk is project level governance failure. Despite the fact that Ghana has a well-established democracy and institutions and Ghana Audit Services is a capable institution and annual budgets are discussed by the Parliament, these risks are judged to be substantial. For example risks related to corruption perception index and quality of public administration are substantial.</p>	Substantial	Moderate
Mitigations: <p>Supervisions missions and other implementation support / follow up measures will be conducted minimum twice a year. Missions and follow up efforts will include FM and procurement specialists. The ICO will ensure that audits are conducted on time. External and internal audit findings will be assessed and followed up proactively with the project, implementing ministry and borrower representative.</p>		
Macroeconomic	High	Substantial
Risk:	High	Substantial

<p>Macroeconomic and global difficulties such as inflation, fuel and energy challenges, local and foreign market failures, fiscal and monetary policies affecting access to finance, government inability to provide counterpart funding, inadequate imports of hybrid seeds and fertilizers can represent a risk to PROSPER implementation. Major currency fluctuations would affect prices, demand and availability imported inputs and export markets.</p>		
<p>Mitigations:</p> <p>Following actions are expected to lead to addressing the above risks:</p> <p>(i) Strengthening community institutions and developing their internal capital and physical assets to develop resilience to external shocks.</p> <p>(ii) Obtaining high level government support from the early stages of project design; thus increasing potential of GoG support in case of adverse macroeconomic conditions and reducing probability of constraining inputs or any other necessary elements on PROSPER's beneficiaries.</p> <p>(iii) PROSPER will develop market linkages and strengthen RIs access to financial services to facilitate their access credit from financial institutions. This will contribute to building the beneficiaries resilience to shocks.</p> <p>(iv) Government contribution will be mostly in the form of in-kind contribution; thus reducing any potential impact of non-ability of the Government to provide cash contributions.</p> <p>(v) IFAD operational policy regarding re-structuring will be applied in case of evolving macro-economic situation that would require revisiting costs.</p>		
<p>Fragility and Security</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Risk:</p> <p>The ongoing COVID-19 pandemic might result in mid-to-longer term economic difficulties or even civil unrest. Some of the response measures adopted by governments in the peak of each wave to prevent transmission of the disease, such as movement and gathering restrictions, may impact employment, rural-urban movements and have some economic impact. The duration and strength of COVID in Ghana is still uncertain.</p> <p>Development of vaccines and new medical protocols are contributing to reducing these risks. Despite the conflict and socio-political turmoil in a handful of neighbouring countries, (i.e. Burkina Faso, Niger, Nigeria), Ghana's global environment remains relatively calm. Nevertheless, the risk of welcoming influxes of unexpected climate and conflict related internally displaced people should not be discarded.</p>	<p>Substantial</p>	<p>Moderate</p>

<p>Mitigations:</p> <p>IFAD is actively participating in COVID-19 response dialogues, both at the UN Country Team level and in implementing its emergency operation (ESRF) with the government, to prevent and support mitigating negative impacts of the outbreak on the population (cash transfer, support Government programs). ESRF is working closely with other DPs and the Government to support measures that would help cope with post COVID realities, such as e-platforms for extension and marketing.</p> <p>PROSPER will continue working with the GoG and monitor these growing threats at the outskirts of its frontiers, throughout implementation. Systematic reporting on the handling of security and conflict issues will enable IFAD and PROSPER to anticipate accordingly. During project implementation, special attention will be given to such issues so the project can adequately monitor this potential exogenous risk that could hinder IFAD and PROSPER efforts, should it occur.</p>		
Sector Strategies and Policies	Substantial	Moderate
Policy alignment	Substantial	Moderate
<p>Risk:</p> <p>While national policies and strategies are generally in line with IFAD policies, some weakness in sector strategies and policies still exist, especially on subsidies and short-term focused political programmes over long-term agriculture development. This is namely related to blanket subsidies or unfavourable exports/imports policies, especially on agro-inputs. This could increase difficulty to deliver project expected outcomes.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>These risks are managed through a continuous policy dialogue engagement and development partners coordination during the entire project cycle.</p>		
Policy Development and Implementation	Substantial	Moderate
<p>Risk:</p> <p>The development and implementation of agricultural sector policies could provide a challenging environment in some of PROSPER's critical areas e.g. matching grants, access by PROSPER's target group to inclusive finance, enterprise development and climate finance.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>From the onset, promoting inclusive policy dialogue, integrating perspectives of different stakeholders since design, proper</p>		

<p>coordination between different stakeholders, and building institutional capacities, are elements that will contribute to the desired support for the sector, leading to PROSPER's success. From the second year of implementation, PROSPER will support the preparation of policy-relevant knowledge products based on project evidence.</p> <p>PROSPER's policy dialogue sub-component will address key policy areas that are relevant to the Project's objectives and implementation such as green agriculture, climate change, inclusive finance, etc.</p> <p>Ghana ICO will continue to participate actively in the ASWG and the private sector platform, contribute to advocate for supportive policy formulation, and will liaise with Development Partners to develop position papers aiming for increasingly effective policies in the agriculture sector during the entire project cycle.</p>		
Environment and Climate Context	High	Moderate
Project vulnerability to environmental conditions	Substantial	Moderate
<p>Risk:</p> <p>Possible environmental and climate shocks or extreme events (e.g. earthquakes, land erosion, siltation) would have significant adverse risks and/or impacts on food and nutrition security, agricultural productivity, access to markets, value-chains and infrastructure and local development perspectives. While the above mentioned natural environmental risks are not posing major threats (with the exception of occasional earthquakes), illegal mining is leading to noticeable water pollution and environmental degradation. Deforestation is another environmental risk. Climate related risks such as floods, droughts, unusual climate conditions are more probable. The potential incidence of pests and diseases would result in increased vulnerability or deterioration of the target populations' livelihoods and ecosystems.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Where these exist, special measures will be taken to adequately protect project's interventions throughout the project cycle. The project has developed an ESMF / ESMP which will contribute to address any unintended project impact, as well as externalities. PROSPER's aims at improving NR management and addressing climate risks. This will help address some of the above mentioned potential risks. With regard to climate related risks, the project will promote climate insurance. Project interventions will not lead to any tree clearing but on the contrary it will promote afforestation and forests preservation through promotion of alternative livelihoods.</p>		
Project vulnerability to climate change impacts	High	Moderate

<p>Risk:</p> <p>Unreliable and erratic rainfall, floods, long dry spells and destruction of infrastructure and productive assets due to extreme weather conditions could delay/ affect project implementation. Climate change could impact production negatively, thus affecting PROSPER's beneficiaries and reducing the potential of achieving PROSPER's objectives. Project's environmental and social category is B and the climate risk assessment is moderate to high.</p>	High	Moderate
<p>Mitigations:</p> <p>PROSPER's design is focused on improving NRM and introducing intensive climate adaptation and mitigation measures to support PROSPER's beneficiaries. This will be achieved through a range of Project's interventions such as capacity building on climate resilient agricultural practices (details and expected timeframe are referenced in the PDR); promotion of technically feasible and financially affordable soil and water management practices with farmers; facilitation of provision of weather information for decision making to farmers; provision of crop insurance to farmers. Lastly, the MG scheme and the BFF loan facility will support a wide spectrum of adaptation and mitigation measures.</p> <p>Additionally, foreseen socioeconomic infrastructures and other agriculture activities financed under PROSPER (small sections of feeder roads 7-9.5 km long) linking two villages, and/or agricultural land, which are mostly community owned, are expected to be small, low risks, mostly site specific and easily manageable.</p> <p>Consistent with IFAD Safeguards standards/policies the initial project environmental, social and climate screening, and PROSPER being a category B operation, an environment and social management framework (ESMF) has been prepared to help mitigate the Project induced impacts and external shocks in an adequate manner. The preparation was done adopting a consultative and inclusive approach. Moreover, a Gender, Social Inclusion and Vulnerability Specialist as well as Safeguards and Climate Specialist will be part of the PCU to ensure timely project compliance on safeguards, social inclusion and climate change. The GCF unit in the ARB-APEX bank will include safeguards, climate, Social Inclusion, and Vulnerability Specialists as well.</p> <p>A crucial part of PROSPER's intervention aims at helping beneficiaries in targeted areas to cope with climate change impacts to achieve improved and more sustainable livelihoods while participating in selected VCs schemes.</p>		

Project Scope	Substantial	Moderate
Project Relevance	Moderate	Low
Risk: PROSPER becomes less relevant if it is not aligned with IFAD and government priorities.	Moderate	Low
Mitigations: The objectives and interventions of the project are fully aligned with national development policies and IFAD priorities and are deemed responsive to the needs and challenges of the target groups. Project relevance and the needs of the target group will continue to be confirmed further during project start-up, baseline surveys, and supervision and follow up missions. Corrective measures/adjustments such as restructuring will be taken if appropriate (even during early stages of implementation), to ensure project relevance is maintained. The M&E system will play an important role for continuous flow of information within the project and with key stakeholders, for early detection of potential difficulties.		
Technical Soundness	High	Moderate
Risk: Complexities; such as - time consuming VC surveys and situation assessments at the beginning of the project may delay project implementation - MoUs for implementation are not signed on time or project implementation does not progress according to plan - cofinancing from the Government does not materialize - FIs remains risk averse and delay implementation of the BFF - limited agribusiness expertise in the implementing agency results in priority to production (supply) aspects and supply driven implementation - the lack of participation of agribusinesses, particularly of those which are new to the concept of partnering with community institutions, might cause delay in market linkage development; and - capacity of the extension services	High	Moderate
Mitigations: PROSPER will mitigate these risks by building on prior IFAD projects experiences from the onset and through actions like: i) building on the experiences of successful VC and microenterprise development projects such as a GASIP and REP, as well as coordination with AAFORD, especially on financial linkages to formal financial institutions and micro-insurance services; ii)		

<p>prioritizing the presence of agribusiness and commercial agriculture expertise in the team from the start (REP and GASIP, which are about to be completed, have experienced staff in the areas of commercial VC and microenterprise development); iii) drawing upon agribusinesses which already proven to partner successfully with other projects such as GASIP, other non-IFAD projects and scale up their outreach to the PROSPER target group, as well as by developing marketing linkages through government supported initiatives such as 1D1F and PERD; (iv) capacity building of AEAs and provision of TA to backstop BRCs during implementation; (v) phasing approach is developed to allow addressing any potential issues with implementation arrangements; (vi) Government funding is mostly in form of in-kind contribution; (vii) Key project staff ToRs include follow up on meeting the triggers and follow up / timely recording of Government in-kind contribution; (viii) Institutional support will be provided to Government services including AEAs. .</p>		
<p>Institutional Capacity for Implementation and Sustainability</p>	<p>High</p>	<p>Moderate</p>
<p>Implementation Arrangements</p>	<p>High</p>	<p>Moderate</p>
<p>Risk:</p> <ul style="list-style-type: none"> - Management unit located far away from project communities - Overburdened project management unit due to limited staff - Delays in replacement/recruitment of key staff and limited field presence might result in management constraints - Complex implementation arrangements that have several parties - Presence of several partners and service providers might result in complex implementation arrangements - MoUs delayed with Project Partners; such as APEX-Bank, BRCs, GIRSAL, etc 	<p>High</p>	<p>Moderate</p>
<p>Mitigations:</p> <p>(i) The PCU will be located centrally in the Project areas, close to the beneficiaries</p> <p>(ii) Implementation will be phased thus allowing the Project team to build their capacity and experience</p> <p>(iii) Phased implementation will allow taking corrective measures at an early stage through restructuring and / or any other corrective measures</p> <p>(iv) Introducing clarity on the roles of different parties of the implementation structure as well as roles of different partners, thus reducing complexity</p> <p>(v) Ensuring strong support by the implementing ministry through project implementation to allow filling any gaps and addressing any staffing constraints</p> <p>(vi) Once implementation commences, PROSPER will recruit TA to support implementation.</p>		
<p>Risk:</p>	<p>Substantial</p>	<p>Moderate</p>

<p>Non-effective Market Linkages for Project Beneficiaries: Risk: - The risk that PROSPER's efforts to create marketing linkages for RIs and MSMEs does not succeed due to lack of interest by agribusinesses - Failure of smallholders producers to meet market requirements with regard to quantity and quality</p>		
<p>Mitigations:</p> <p>Since the beginning of the project activities will focus on building capacity of RIs and MSMEs not only on climate risks and NR degradation but also with regard to FAB and improved production and financial literacy. It will also strengthen the extension teams to ensure state of the art knowledge is accessible to the beneficiaries. The RIs and MSMEs will also have access to financial services such as VSLAs, matching grants and BFF. This will help farmers to continue credit worthy and credible partners to agribusinesses under formal market linkages arrangements.</p> <p>Consciousness efforts will be made to link farmers' groups and MSMEs to VC actors. In addition to incentives such as increased opportunities for expanding their businesses, incentives such as access to know how and concessional BFF loans is expected to encourage agribusinesses to have strong links to the target groups.</p>		
<p>Risk:</p> <p>Poor farmers Performance due to Climate Impacts Risks High climate high risks would lead to sub-optimal production and failure of the smallholders to meet their commitments to the partnering agribusinesses and financial institutions.</p>	High	Moderate
<p>Mitigations:</p> <p>Since start-up, the project will raise smallholders' awareness on climate risks and how to climate proof their farming operations. Under component 2, farmers will be supported to develop green and climate resilient business plans to access MGs and the BFF facility. The project will make arrangements to link the farmers to GIRSAL (agricultural risk mechanism) and GAIP (agricultural climate insurance) to mitigate any loss due to climate risks or any other shocks.</p>		
<p>Risk:</p> <p>PFI's are Risk Averse and not Willing to lend to PROSPER's Target Group Risks: PFI's consider PROSPER's target group high risk and does not agree to engage in business relationship with most of them.</p>	Substantial	Moderate

<p>Mitigations:</p> <p>Since its start-up, the project will build the organisational capacity of the beneficiaries groups and take them through a gradual graduation approach, starting with financial literacy, saving mobilisation, matching grant support for the poorest groups, and access to low interest rate BFF. These actions, coupled with intensive efforts to create market linkages, introduce Ag risk mechanism and climate insurance as well as building the capacity to the PFIs through training and developing products suitable for PROSPER's target group, are expected to address possible risks for the PFIs.</p>		
<p>Risk:</p> <ul style="list-style-type: none"> - The risk that the investments under the MG fund and BFF does not comply with green financing requirements - The risk that project implementation does not focus sufficiently on nutrition activities 	High	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> - IGREENFIN Operational Manual for green investments will be included in PROSPER PIM. - Project staff ToRs will include specific focus on ensuring green investments and compliance with the IGREENFIN Operational Manual - Project design include significant focus on nutrition including farmers training, specific MG category for nutrition - Specific TA for nutrition is included in the design - Partnerships with line Government departments to support implementation of nutrition activities 		
Monitoring and Evaluation Arrangements	Substantial	Moderate
<p>Risk:</p> <p>Weak M&E processes and systems could lead to inadequate Project's capacity to deal with complexity, monitor, validate, analyse and communicate results, capture lessons, and adjust implementation to seize opportunities and take corrective actions in a timely manner.</p> <p>Risk of inadequate flow of information from the districts, APEX Bank to the PCU.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>M&E risks are mitigated by a clear structure from the onset, by leveraging existing M&E expertise within host agency, and by maintaining a participative-collaborative approach for the definition of specific tools with main stakeholders.</p> <p>The project will have a dedicated M&E team, who will derive the M&E plan collaboratively with the line ministry, district staff and</p>		

<p>with relevant stakeholders, farmers organisations and agribusinesses. M&E focal points at regional, district levels and in APEX Bank will be established.</p> <p>The key responsibilities of the M&E system will rely on the M&E Unit at the PCU, composed of an M&E manager and M&E officers. All other implementation agencies at regional level will play important roles in collecting and analysing data to assess outcomes and impact of project activities. The M&E unit will set up a monitoring-evaluation manual and a computerized monitoring-evaluation data system to provide periodic, GIS based system, complete and reliable data. Several M&E tools and guidelines will be incorporated in the M&E system along with the Core Outcome Indicators (COI) Survey, which would allow for effective monitoring of the project situation at baseline, mid-term and completion.</p> <p>PROSPER's M&E system aims for continuous information flow among relevant stakeholders and will allow the development of corrective measures as soon as issues are identified, from the beginning of implementation. PROSPER also feeds from other IFAD operations' experiences, lessons, knowledge and products (REP, GASIP, AAFORD), including what regards to project evaluation and monitoring.</p> <p>The institutional arrangement for implementation will ensure that PROSPER's M&E is fully integrated into the MoFA planning, M&E, and policy formulation processes, which turns the PROSPER's M&E system into an important element of project's sustainability and exit strategy.</p>		
Project Financial Management	Moderate	Low
Project Organization and Staffing	Moderate	Low
<p>Risk:</p> <p>The implementing entity has excess number of qualified and experienced financial management staff thereby increasing cost significantly.</p>	Moderate	Low
<p>Mitigations:</p> <p>The entity has three chartered Accountants and one finalist. All have experience in managing IFAD project. Two junior Accounts Assistants will be engaged to replace two senior accountants on completion of GASIP. PROSPER will make complete and appropriate staffing a condition precedent to disbursement and throughout project cycle</p>		
Project Budgeting	Substantial	Moderate
<p>Risk:</p> <p>1) IFAD disbursement cap may result in funds not being available when needed</p> <p>2) Disbursement cap Information may not be readily available at</p>	Substantial	Moderate

the time of AWPB preparation 3) The use of GIFMIS implies that the AWPB is integrated in the national budget, which could cause delays in budget approval		
Mitigations: 1) Project must obtain disbursement cap before completion of AWPB. 2) Project must liaise with FMD and PMD through the Country Director 3) The PMU will work toward an early submission of the AWPB. Any setback caused by the use of national systems will be discussed and mitigated by negotiating with government authorities.		
Project Funds Flow/Disbursement Arrangements	Substantial	Moderate
Risk: Delays in justifying prior advances, particularly, MoFA Directorates of District Agriculture due to the use of the revolving fund mechanism	Substantial	Moderate
Mitigations: Programme Accountants and Technical Specialists shall constantly remind implementing partners to justify advances at least once a month. Restriction rule of minimum 80% of advances justified before the release of any new advance shall be applied. The amount of the advances should be kept low. .		
Project Internal Controls	Moderate	Low
Risk: 1) Internal control systems will not allow for an effective control system to be put in place. 2) Low capacity and performance of government and private implementing partners	Moderate	Low
Mitigations: 1) The arrangement proposed for staffing will guarantee proper segregation of duties. The Internal Auditors of the lead implementing agency shall conduct ex-post review of PROSPER at least twice a year, and each expenditure will be validated by the internal audit system of GIFMIS 2) Contractual arrangements and reporting templates and guidelines for project finances shall be spelt out in MOUs/MOAs with implementing partners and service providers. Quarterly reports shall be required of implementing partners to feed into the Project IFRs.		
Project Accounting and Financial Reporting	Substantial	Moderate

<p>Risk:</p> <p>1) Lack of experience in using the national accounting platform – GIFMIS resulting in late submission and poor quality of the financial reports</p> <p>2) Difficulties to meet the reporting requirement of all co-financiers</p>	Substantial	Moderate
<p>Mitigations:</p> <p>1) Sensitization and migration is planned for the staff to use in the current programme before PROSPER start-up to enhance experience before implementation of the new project</p> <p>2) Careful definition of reporting requirement per financier at project start-up phase</p>		
Project External Audit	Low	Low
<p>Risk:</p> <p>No major risk is identified for external audit given the good track record of the GAS in auditing IFAD financed projects</p>	Low	Low
<p>Mitigations:</p> <p>,</p>		
Project Procurement	Substantial	Moderate
Legal and Regulatory Framework	Substantial	Moderate
<p>Risk:</p> <p>The procurement regulations are out of tune with the Amended PPA Act 914 of 2016 which can make the interpretation of the law difficult.</p> <p>Procurement monitoring received a “D” rating from PEFA, due to the incomplete nature of the procurement information published by the Public Procurement Authority (PPA). Specifically, the information from the PPA database is provisional for FY2016 and FY2017, has not updated regularly and had not been independently verified by PPA or the Auditor General.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>IFAD prior review thresholds will take into account the CPI score for Ghana. Additionally, all procurement entities, as well as bidders, suppliers, contractors, consultants and service providers, shall observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD funded Projects, in accordance with paragraph 69 of the Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all projects, vendors and third parties, in addition to the relevant national anticorruption and fraud laws.</p>		

<p>The Procuring Entity should establish a review panel at the level of the implementing agency, which will provide the first level of review for procurement complaints before eventually submitting them to the PPA.</p> <p>All NCB documents should have a Notice of Intention to Award provision/template and should be used.</p> <p>Use of standard bidding documents, use of procurement plan, and clear procurement arrangements from the onset.</p>		
<p>Accountability and Transparency</p>	<p>High</p>	<p>Substantial</p>
<p>Risk:</p> <p>Transparency International assigned a corruption perception index (CPI) score of 43/100 to Ghana, thus falling within the “medium” bracket.</p> <p>There is only a single level system to handle procurement complaints. In fact, although an appeals authority (ACB) exists at national level, it is not independent and there is no appeals review panel at the level of the implementing agency.</p> <p>The absence of Notice of Intention to Award and standstill period in Bidding documents/Request for Proposals do not enable bidders know when a contract is to be awarded so they should decide whether to complain or not.</p> <p>No debarment system. PPA's list of debarred suppliers refers to the World Bank debarred list.</p> <p>Ghana's Commission of Human Rights and Administrative Justice (CHRAJ) is an independent anti-corruption agency.</p> <p>Ghana has a one level system to handle complaints. PPA is responsible for the administrative review process and inaugurates a 7-member Appeals and Complaints Panel that reports back to PPA.</p> <p>No debarment system. PPA's list of debarred suppliers refers to the World Bank debarred list.</p> <p>Ghana's Commission of Human Rights and Administrative Justice (CHRAJ) is independent anti-corruption agency</p>	<p>High</p>	<p>Substantial</p>
<p>Mitigations:</p> <p>IFAD prior review thresholds will take into account the CPI score for Ghana. Additionally, all procurement entities, as well as bidders, suppliers, contractors, consultants and service providers, shall observe the highest standard of ethics during the procurement and execution of contracts financed under IFAD funded Projects, in accordance with paragraph 69 of the Procurement Guidelines. The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all projects, vendors and third parties, in addition to the relevant national anticorruption and fraud laws.</p> <p>The Procuring Entity should establish a review panel at the level of the implementing agency, which will provide the first level of</p>		

<p>review for procurement complaints before eventually submitting them to the PPA.</p> <p>All NCB documents should have a Notice of Intention to Award provision/template and should be used.</p> <p>Use of standard bidding documents, use of procurement plan, and clear procurement arrangements from the onset.</p>		
Capability in Public Procurement	Moderate	Low
<p>Risk:</p> <p>The current implementation arrangement provides that the PCU of PROSPER will be embedded within the existing structures of the GASIP. GASIP has a Procurement Unit with 1 staff member, which could result in procurement delays and hamper project implementation.</p> <p>There is room for improving the quality of the bidding document. Procurement staff have full access to the PPA website. Procurement and financial management functions are separated.</p>	Moderate	Low
<p>Mitigations:</p> <p>Strengthen the procurement unit through the recruitment of an additional procurement staff (Procurement Officer) and training in IFAD procurement guidelines during the first year of implementation. S/He will be monitored to ensure adherence to IFAD procurement procedures and processes while at the same time serves as a back up to the PROSPER Procurement Manager. GASIP's staff member has about 13 years general procurement experience, and 8 years specific donor-funded procurement experience.</p>		
Public Procurement Processes	Substantial	Moderate
<p>Risk:</p> <p>-The PPA stipulates 2 - 6 weeks of Bidding for NCB contracts. There is the likelihood that Bidders may not have sufficient time to submit competent bids which could result in either adverse selection of retendering with attendant delays to project implementation.</p> <p>-The NCB document for works procurement and the Bidding document does not include a template for Environmental, Social, Health and Safety (ESHS) Performance Security. There is the risk that ESHS procedures may not be followed during implementation, which could cause delays if the rights of individuals are violated.</p> <p>-Procurement plans are not updated regularly. This could make procurement process monitoring difficult.</p> <p>-Contract registers at MoFA and GASIP are not updated regularly.</p> <p>The country procurement methods for goods, works and services</p>	Substantial	Moderate

are consistent and congruent with IFAD's Access by foreign firms to bidding documents is not known.		
Mitigations: -PROSPER will ensure that the Procurement Plan includes the minimum bidding period, suitable for the different procurement methods, from the onset. -The Works Procurement methods should be strengthened to include a template in the Bidding documents for Environmental, Social, Health and Safety Performance Security so as to ensure compliance of Contractors' C-ESMP plans during construction. -PROSPER will ensure that all procurement plans and contracts register are updated regularly throughout project implementation in the required format and submitted regularly to IFAD.		
Environment, Social and Climate Impact	Moderate	Low
Biodiversity Conservation	Moderate	Low
Risk: The risk that the project may cause significant threats to or the loss of biodiversity, availability of diversified nutritious food, ecosystems and ecosystem services, territories of the indigenous peoples, or the unsustainable use/production of living natural resources. These risks are limited, as the project will promote use of best farming practices as well as promote agricultural intensification.	Moderate	Low
Mitigations: SECAP procedures will be applied, which will lead to working closely with the Environmental Protection Agency (EPA) of Ghana to address any adverse impacts, throughout the entire project cycle. An ESMF is developed as part of the project design. All the above risks are assessed as not significant. All necessary measures are incorporated in the design to address unintended limited impacts as well as externalities. No deforestation or agriculture in forested areas. Use of chemicals will be monitored and necessary measures will be applied to address any potential impacts.		
Resource Efficiency and Pollution Prevention	Moderate	Low
Risk: The risk that the project may cause significant pollution to air, water, and land, and inefficient use of finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels.	Moderate	Low
Mitigations: SECAP procedures will be applied, thus reducing any such likelihood. Arrangements and monitoring to ensure construction		

works, agriculture or any other project interventions will not lead to harm to the environment or the communities.		
Cultural Heritage		No risk envisaged - not applicable
That the project will be implemented in areas of cultural heritage or lead to harming any such assets.		
Indigenous People		No risk envisaged - not applicable
There are no Indigenous Peoples in Ghana as per the UN definition; therefore, no such risk is envisioned particularly in project interventions areas.		
Labour and Working Conditions	Substantial	Moderate
Risk: Though PROSPER interventions are foreseen to be small in scale and mostly localized, the size of agriculture plots are very limited, therefore, during ploughing and/or harvesting, and/or construction of community infrastructure there is a likelihood to use labour forces during a short period of time.	Substantial	Moderate
Mitigations: Provision is made in the ESMF to adequately cope with the likelihood of engaging labour forces or the presence of labour influx in the project intervention areas. During supervision and follow up missions, close follow up will be made to ensure appropriate use of labour.		
Risk: Child labour is forcefully prohibited in Ghana, however there is likelihood that this could happen. However, in case of presence of children in tree crops production practices, resulting in Child labour, practical measure will be taken to immediately mitigate such a behaviour.	Substantial	Moderate
Mitigations: Strict adherence to government policies to prevent child labour. Facility for reporting any violation followed by prompt investigation of any reported case. The ESMF is prepared to address child labour issues.		
Community Health and Safety	Moderate	Low
Risk:	Moderate	Low

<p>During project implementation, although most activities will be done using manual tractions, it is likely the tools and other material used could harm or threaten the safety and security of farmers, and/or workers or even visitors. Furthermore, the risk that the project may cause moderate to low adverse impacts on the physical, mental, nutritional or social health/safety status of an individual, group, or population, including as a result of gender based violence is also very unlikely and thus, significantly unexpected.</p>		
<p>Mitigations:</p> <p>The project will be nutrition sensitive, will ensure gender and youth mainstreaming, as described in PDR. The project interventions are designed to improve income, livelihoods, and nutrition status of the target groups. It is not envisioned that there will be significant environmental, social, or physical impacts and SECAP provisions, especially ESMF recommendations, will be applied from the onset to ensure that any such impacts are addressed as part of project interventions.</p>		
Physical and Economic Resettlement	Low	Low
<p>Risk:</p> <p>The risk that the project may cause significant adverse physical, social, cultural, or economic impacts (especially for marginalized groups), from land acquisition, and involuntary loss of land, assets, and restriction to access to assets, income sources, or means of livelihoods is limited simply because (i) all agriculture lands will occur on community owned lands; (ii) feeder/truck roads connecting two villages and/or agricultural fields are very short (7-9.50 Km of length); (iii) construction of socioeconomic community infrastructure will occur on communally owned pieces of land.</p>	Low	Low
<p>Mitigations:</p> <p>The project is not envisioned to pose such risk. SECAP policies, and specifically ESMF recommendations will be applied to ensure that any such impacts are addressed as part of the project interventions.</p>		
Greenhouse Gas Emissions	Substantial	Moderate
<p>Risk:</p> <p>Ecological damage might occur through mono-cropping, deforestation, and/or the processing/transformation of some VC crops, etc. in the process of promoting tree crop production.</p>	Substantial	Moderate
<p>Mitigations:</p>		

Strict adherence to government environmental and natural resources management policies, throughout project cycle. The programme will focus on rehabilitation of existing planting areas, plantations in denuded land and intercropping with staple crops and planting in farmland instead of fresh plantations, unless properly evaluated.		
Vulnerability of target populations and ecosystems to climate variability and hazards	Moderate	Low
Risk: As indicated above, the rural smallholder population in the target areas (Northern and Middle belts), typically engaged in rainfed agriculture, is subject to various impacts of climate and ecosystem variability (dry spells, delayed/short rainfall, droughts, floods, pests and locusts invasion, etc.) which affects their productivity, livelihoods, and infrastructure.	Moderate	Low
Mitigations: Project interventions are designed with the goal of building resilience of target groups to climate change impacts and effects, as well as reducing greenhouse gases emissions in project's value chains. Intensive trainings and capacity buildings with regard to climate risks, adaptation and mitigation. The BPs will integrate climate adaptation and mitigation measures. A key element to deal with climate variability and help mitigating this type of risk is the climate-related financing, including providing access to agricultural insurance schemes. GAIP, the GoG's entity in charge of crop insurance, is among AAFORD partners which will be linked to PROSPER's interventions from the onset, as previously indicated.		
Stakeholders	Substantial	Moderate
Stakeholder Engagement/Coordination	Substantial	Moderate
Risk: - Failure to create linkages with other IFAD projects offering complementary services - Inadequate stakeholder engagement/coordination - Gaps in roles definition - Inadequate/insufficient information disclosure - Misunderstandings or duplication/inconsistencies between partners working in the same target area might dilute project effectiveness - Smallholders' lack of access to financial resources beyond project's one time start-up support might cause lack of continuity of marketing linkages between smallholders and agribusinesses	Substantial	Moderate
Mitigations:		

<p>PROSPER will be implemented in a consultative, participatory and inclusive manner. PROSPER will therefore mitigate these risks through the following key actions:</p> <p>i) Strong linkages with AAFORD, GASIP and REP from the earliest stages of implementation. PROSPER will be building on the on-going IFAD projects to complement its activities where possible: working with AAFORD to provide affordable credit supply to target households; building on REP achievements such as use of BRCs for creating market linkages, business planning, capacity building of groups and micro enterprises, leveraging on the demand by 1D1F; and with GASIP for linkages to agribusiness partners.</p> <p>ii) PROSPER is building on ongoing and future interventions by other donors such as the World Bank, AfDB, Canada. Continuous coordination and interactions with all DPs supported programs (since start-up) will be ensured. The project implementation arrangements contain strong coordination mechanisms such as Project Steering Committees and use of existing experienced PCU. Preparation of AWPB will be done in a participatory manner, etc. Strong coordination will take place both and central level and in the field.</p> <p>iii) The project design addresses key gaps such as value chains weaknesses, NR degradation, lack of access to financial resources, etc.</p> <p>iv) The project design include sound M&E, KM and communication arrangements which will contribute to information gathering and dissemination; thus leading to better information sharing and coordination.</p> <p>v) As project cycle advances, development of bankable BPs that receive continuous financial support through affordable bank loans will allow target households to gradually increase acreage and profitability over successive agricultural seasons and sustain their agribusiness linkages.</p>		
Stakeholder Grievances	Moderate	Low
<p>Risk:</p> <p>As stated in the PDR and above, all participating land sites will be communally owned, small in size and free of any claim. Nevertheless, land tenure issues can de-incentivise participation of farmers -including youth and women- in PROSPER. Moreover, agriculture, construction of community activities may result in harming some people who might rightfully seek ways of claiming their rights.</p>	Moderate	Low
<p>Mitigations:</p> <p>The ESMF includes a participatory Grievance Redress Mechanism (GRM) that enables project beneficiaries and/or affected persons to freely and easily lodge their claims and seek</p>		

<p>for a peaceful reparation, throughout project implementation. On the land acquisition issues, throughout implementation PROSPER will further engage with GOG's departments responsible for land tenure policy to promote solutions to securing land access on longer-term basis or ownership transfer to those who want to farm.</p>		
---	--	--