Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project

PROSPER

West and Central Africa Division - EB December 2021
Ghana at a glance

Economic context

- LMIC with high GDP growth
- Dependent on export and vulnerable to commodity price shocks
- Social inequities (access to land and credit insecurity for women and youth)
- Affected by climate change and environmental degradation

Population

- 8.2% live in extreme poverty
- 57% < 25 years of age
- 17.5% and 6.7% children < 5 years of age affected by stunting and wasting respectively
- 3% persons with disabilities: strong correlation between disability and poverty
- COVID 19 economic slowdown and socio-economic challenges

Agriculture - Main economic activity

- 21% of the GDP; 71% of employment in rural areas; 40% of export earnings
- 96% of arable land affected by rain fed agriculture
- Only 37% of rural population has access to formal FIs
- Smallholder agriculture: 85% < 10 ha; 67% < 2 ha

Climate change and Environment

- Extreme weather conditions: flooding and droughts
- Dependence on climate change sensitive crops
- Forest depletion: 2% loss p.a.
Recognizing key role of women & potential of youth in agriculture

1 Objective

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 increased demand generated by government efforts to strengthen agro processing.

2 Who?

100,000 people targeted
70,000 households

40% women
30% youth
5% Persons with disability

3 What?

C1: Development of rural institutions and socio-economic infrastructure
C2: Strengthening economic benefits for smallholders and small operators around selected agricultural value chains
C3: Project management and policy engagement

4 Where?

Eight regions over eight years

- High agricultural potential
- High population density and poverty
- Conducive of youth engagement
- Proximity to markets
- Synergies with existing IFAD-programmes
PROSPER

Areas of investment, innovation and sustainability

**Profitable & resilient rural institutions and enterprises**
- Support for rural institutions and agro-enterprises
- Climate resilience, NRM, and social infrastructure
- Focus on improving nutrition and highly nutritional food products
- Market linkages
- Matching grants and affordable credit

**Innovative solutions**
- Climate finance at scale to reduce poverty, and food and nutrition insecurity – a first in Ghana
- From a failing growth-oriented approach to agricultural development that is financially and environmentally sustainable

**Focus on sustainability**
- Crowd in private sector investment through PFIs
- Selection of profitable value chains
- Engagement with local stakeholders to continue, scale-up, guide and monitor planned activities after project completion

**Contribution to Zero hunger & poverty**
- Capacity building
- Financial inclusion
- Conducive policies
- Economic infrastructures
- Improved nutrition
- Profitability of agribusinesses
- 9,000 Jobs created
- 100,000 farmers trained on resilience, sustainability, adaptation & mitigation

**IFAD11 Commitments**
- Youth-sensitive
- Nutrition-sensitive
- Including climate finance
The COVID 19 pandemic has resulted in economic slowdown and socio-economic challenges.

PROSPER will operate in the poorest and most vulnerable regions in Ghana, where IFAD has a strong record in working with poor rural communities in the food and agriculture sector.

The negative effects of rapid climate change are making bad conditions worse. The remedy is to uplift rural economies by transforming small-scale farming from predominantly subsistence to financially and environmentally sustainable systems tied into functioning markets.

PROSPER’s rationale focuses on both the supply side – the scale and technical transformation of production – and a marked increase in real demand for the produce due to government interventions, whilst ensuring that the most vulnerable people are not left behind in poverty.
Co-financing & Partnerships

Project costs
EUR 147.35 M

- IFAD: 35.6%
- GCF: 17.2%
- GoG: 15.3%
- Financing gap: 15.4%
- Beneficiaries: 13.1%
- PFIs: 1.7%
- PS: 1.7%

**Government & target groups**
- US$ 48.8 M

**IFAD**
- Lead development partner in agricultural sector, US$ 52.5 M

**GCF/IGREENFIN**
- Support commercial banks with green credit lines
- Investment loans for adaptation, mitigation & resilience

**Other partners: Private Sector, Participating Financial Institutions**
- 13.1%
- 15.3%
- 1.7%
- 1.7%
Special Agro-Processing Zones Programme

SAPZ

West and Central Africa Division - EB September 2021
Nigeria at a glance

**Population:**
- 211 million
- 75% < 24 years of age – One of the largest populations of youth in the world.

**Multi-dimensional fragility**
- Governance and Institutional Instability
- Conflicts and Violence
- Climate Change and Environmental Degradation
- Social inequities (access to land and land tenure insecurity for women and youth)

**Poverty**
- 62% under poverty line – largest number of poor people in the world
- 50% in rural areas - majority poor are rural women

**Youth Unemployment**
- Higher than national average (53% vs 33%)

**Nigeria’s Agricultural Transformation Agenda**
- Achieve a hunger-free Nigeria through:
  - Climate resilient agriculture
  - Food and nutritional security
  - Employment generation
  - Transformation of Nigeria into a leading player in global food markets

**COVID 19**
- 3rd wave (Aug-Nov. 2021)
- Nigeria rated as “High COVID Risk” country
- Challenges faced by smallholders:
  - agricultural market disruptions
  - restrictions in movements

**Agriculture**
- 23% of the GDP
- 88% of the land is arable
- 8 Agro-ecological zones
- Smallholder agriculture: 70% < 2 ha
- 90% total national output

**Agricultural Imports:**
- USD 6 billons yearly
Objectives

- Supporting the development of SAPZs in high food production areas
- Empowering smallholders and small operators including women and youth to take advantage of the markets created by the SAPZs

Technical Components

1. Infrastructure development & management for Agro-Industrial Hubs
2. Agricultural productivity, production, market linkages & value addition
3. Policy & institutional development

Duration
IFAD Phase I: 7 years (2022-2028)

Kano and Ogun States

100,000 people targeted
500,000 Indirect beneficiaries

- 50% women
- 40% youth
- 100 Persons with disability (PWD)
- 5,000 Internally Displaced Persons (IDP)

IFAD11 Commitments

- Youth-sensitive
- Nutrition-sensitive
- Including climate finance

SDGs Alignment

1. No Poverty
2. Zero Hunger
5. Gender Equality
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
12. Responsible Consumption and Production
13. Climate Action
17. Partnerships for the Goals
Innovation and sustainability

**Innovation**
- Institutionalize 4P value chain development model
- Contribute to knowledge pool on pro-poor SAPZ
- Introduce blended green financing in Nigeria
- Capture transformation of beneficiaries’ lives through geospatial tech & innovative data analysis tools

**Sustainability**
- Private sector-led management of AIH/ATCs
- Crowd in private sector investment
- Select profitable value chains
- Market-driven value chain approach
- Institutionalization of lasting value chain mechanisms

✓ Innovation to maximize impact & drive development results
✓ Sustainability of results beyond programme completion
The Government of Nigeria assembled major donors to support SAPZ:

- AfDB: 160 M
- IFAD: 100 M
- GCF (IGREENFIN II): 60 M
- IsDB: 150 M
- AGTF: 50 M
- Domestic co-financing: 21 M
- Total budget: 541 M

**Total USD 541M**

AfDB: 30%
IFAD: 28%
GCF: 18%
AGTF: 9%
IsDB: 28%
Domestic co-financing: 4%
Senegal – Result Based Program – cofinancing Worldbank

PCAE: Agriculture and Livestock Competitiveness Program

7 December 2021 - Benoit THIERRY, Country Director, Senegal
**Added value of a Program for Results (PforR)**

- **PCAE** is the IFAD first ever Program for Results (PforR) operation. It supports the agriculture and livestock sectors in Senegal.

- The PCAE supports investments and policy reforms embedded in two national programmes, namely (i) the Programme for Accelerated Pace of Agriculture, phase II (PRACAS-II); and (ii) the National Livestock Development Plan (PNDE).

- The disbursement of World Bank (USD 150 m) and IFAD loan (USD 20 m) proceeds will take place in accordance with demonstrated evidence of achieving ten (10) strategic, well-defined, quantifiable and agreed Disbursement Linked Indicators (DLIs).

- Additional Financing of IFAD will target four DLIs (#2, #4, #7 and #10, aligned with the 2019-2024 COSOP and IFAD 11 Core Commitments).

- The World Bank financed PCAE is effective since September 2020. World Bank agreed to restructure to Program in order to integrate IFAD financing.
PCAE at a glance

Program objective
To enhance productivity and market access of priority commodity value chains and livestock, in the Extended Groundnut Basin and Agro-pastoral Areas.

Geographic focus and outreach
950,000 farmers (women 50%, youth 30% at least)

Target group
A broad range of stakeholders (smallholders, cooperatives, R&D agencies, traders, transporters, exporters) involved in priority crop and livestock value chains.

Project Financing & Duration
233 Million USD (IFAD $20M, IDA $150M, Gov. $60 M + IFAD$3M through PADAER II), 5 years duration overall through 2025

Disbursement-linked indicator (DLI)
Results Area 1: Improved crop and livestock productivity and resilience
Results Area 2: Improved business environment and market integration
Results Area 3: Improved sector governance, coordination, and program management
+Program Preparation Advance (not DLI) & Institutional Support and Capacity Building (IPL, not DLI)
Rationale for IFAD’s engagement in PCAE

- IFAD’s comparative advantage in diversification of smallholder farming systems and climate-smart agriculture in the Groundnut Basin and Agro-pastoral Areas.

- PCAE is instrumental in addressing COSOP 2019-2025 in Senegal and it allows scaling-up the IFAD’s experiences developed through past programmes (PAFA, PAFA-E and PADAER) and on-going programmes (PADAER-II and Agrijeunes) in Senegal (ex. strengthening the resilience of smallholder farms).

- IFAD’s financial contribution to the operation is also an opportunity to improve further IFAD’s visibility through policy dialogue in partnership with the WBG in this Program.

- The IFAD’s participation in the PCAE design allowed reframing the initial targeting strategy to make it more inclusive to poor rural people, and gender and youth sensitive.

- As part of the IFAD contribution to the PCAE, US$ 3 million will be mobilized through PADAER II for Institutional Support and Capacity Building to PCAE, using an investment project lending (IPL) approach. This would mitigate implementation risks and was very much appreciated by World Bank and Government of Senegal.
## Disbursement-linked indicators and allocation of IDA & IFAD financing

<table>
<thead>
<tr>
<th>Disbursement-linked indicator (DLI)</th>
<th>IDA US$ million</th>
<th>IFAD additional US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results Area 1: Improved crop and livestock productivity and resilience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Quantity of certified groundnut seeds acquired annually (tons)</td>
<td>35.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2 Cumulative quantity of certified seeds acquired for diversification crops (tons)</td>
<td>15.0</td>
<td>6.0</td>
</tr>
<tr>
<td>3 Percentage of subsidy targeted to small producers and climate-smart technologies (% of subsidy amount)</td>
<td>20.0</td>
<td>0.0</td>
</tr>
<tr>
<td>4 Vaccination coverage rate for small ruminant plague (PPR) (% coverage)</td>
<td>30.0</td>
<td>7.0</td>
</tr>
<tr>
<td>5 Cumulative quantity of fodder certified seeds acquired by the producers (tons)</td>
<td>10.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Results Area 2: Improved business environment and market integration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Groundnut inter-profession (CNIA) restructured</td>
<td>10.0</td>
<td>0.0</td>
</tr>
<tr>
<td>7 Number of producers with access to agriculture insurance for crops and livestock (per year)</td>
<td>10.0</td>
<td>5.0</td>
</tr>
<tr>
<td>8 Operationalization of the warehouse receipt system (WRS) in the Extended Groundnut Basin</td>
<td>4.01</td>
<td>0.0</td>
</tr>
<tr>
<td>9 Number of milk collection centers supported and/or equipped and operational</td>
<td>5.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Results Area 3: Improved sector governance, coordination, and program management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Monitoring and Evaluation (M&amp;E) system each at MAER and MEPA for agriculture and livestock performance in place and functioning</td>
<td>10.0</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total allocation DLIs</strong></td>
<td>149.01</td>
<td>20.0</td>
</tr>
<tr>
<td>Program Preparation Advance (not DLI)</td>
<td>0.99</td>
<td>-</td>
</tr>
<tr>
<td>Institutional Support and Capacity Building (IPL, not DLI) through PADAER II</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td><strong>OVERALL TOTAL</strong></td>
<td>150.0</td>
<td>23.0</td>
</tr>
</tbody>
</table>
Expected results of IFAD contribution

• **Expected results of allocation of IFAD funding to 4 DLIs:**
  - DLI #2: 53,000 tons quality seeds available for smallholders to allow them to further diversify their farming systems;
  - DLI #4: 80% small ruminants and horses that are key assets on smallholder farms are vaccinated.
  - DLI #7: An additional 72,000 farmers will have access to agricultural insurance.
  - DLI #10a: establish efficient monitoring and evaluation systems at local and national levels.
  - DLI #10b: Interprofessions in value chains diversification will be recognized and enhanced.

• **Institutional capacity building and risk mitigation.** IFAD support essential to build capacities of implementing services in Ministry of Agriculture and Rural Equipment and Ministry of Livestock and Animal Production.

• **Policy measures** under the PCAE will address the needs of small- and medium-scale farms and are essential to IFAD’s core target group.

• **Knowledge management and communication.** Learning and capacity building of Government and IFAD in design and implementation of PforR operations.
Thank you!