President’s report

Proposed loan and Debt Sustainability Framework grant

Republic of the Gambia

Resilient Organizations for Transformative Smallholder Agriculture Project

Project ID: 20000001065
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Project delivery team

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Regional Director:</td>
<td>Lisandro Martin</td>
</tr>
<tr>
<td>Country Programme Manager:</td>
<td>Haoua Sienta</td>
</tr>
<tr>
<td>Project Technical Lead:</td>
<td>Amath Pathe Sene</td>
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<tr>
<td>Finance Officer:</td>
<td>Mame Awa Mbaye</td>
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<tr>
<td>Sustainable Production, Markets and Institutions Specialist:</td>
<td>Jonathan Agwe</td>
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<tr>
<td>Legal Officer:</td>
<td>Itziar Garcia Villanueva</td>
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Abbreviations and acronyms

AFD  Agence Française de Développement
AVIP  agricultural value chain interaction platform
4Ps  public-private-producer partnerships
COSOP  country strategic opportunities programme
CPE  country programme evaluation
CPCU  central project coordination unit
FIPS  Faster Implementation of Project Start-up
FOS  farmers’ organizations
GEF  Global Environment Facility
IFAD11  Eleventh Replenishment of IFAD’s Resources
IMF  International Monetary Fund
NACOFAG  National Coordinating Organization for Farmer Association in The Gambia
NEMA  National Agricultural Land and Water Management Development Project
OFID  OPEC Fund for International Development
PSU  project support unit
ROOTS  Resilient Organizations for Transformative Smallholder Agriculture Programme
SDG  Sustainable Development Goal
SMEs  small and medium-sized enterprises
Map of the project area
Financing summary

Initiating institution: IFAD

Borrower/recipient: Minister of Finance of the Republic of The Gambia

Executing agency: Ministry of Agriculture

Total project cost: US$80 million

Amount of IFAD loan: US$4.25 million

Amount of IFAD Debt Sustainability Framework (DSF) grant: US$17.02 million

Terms of IFAD loan: The loan is granted on highly concessional terms, free of interest but bearing a fixed service charge as determined by the Fund at the date of approval of the loan by the Fund’s Executive Board, payable semi-annually in the loan service payment currency. The loan shall have a maturity period of 40 years, including a grace period of 10 years from the date of approval of the loan by the Fund’s Executive Board.

The principal of the loan shall be repaid at 2 per cent of the total principal per annum for years 11 to 20, and 4 per cent of the total principal per annum for years 21 to 40.

Cofinanciers: Global Environment Facility (GEF), Agence Française de Développement (AFD), and OPEC Fund for International Development (OFID)

Amount of cofinancing: Global Environment Facility: US$5.30 million
French Development Agency: US$11.17 million
OPEC Fund for International Development: US$10.00 million

Terms of cofinancing: GEF grant, AFD grant and OFID loan

Contribution of borrower/recipient: US$5.41 million

Contribution of beneficiaries: US$6.25 million

Financing gap: US$20.60 million

Appraising institution: IFAD

Amount of IFAD climate finance: US$8.61 million

Cooperating institution: Direct supervision by IFAD
Recommendation for approval
The Executive Board is invited to approve the recommendation contained in paragraph 48.

I. Context
A. National context and rationale for IFAD involvement

National context
1. The Republic of The Gambia is the smallest country on mainland Africa (10,689 km²), home to a population of 2.1 million people, which will double in 20 years due to an annual growth rate of 3 per cent (World Bank, 2017). Approximately 62 per cent of the population is poor and 48 per cent lives below the poverty line of US$1.25 per day. Agriculture is the main source of livelihood for the rural population, contributing 24 per cent of GDP and providing employment for approximately 70 per cent of the population – particularly youth and women.

2. The Gambia is a country that has been in transition since 2016, following a 22-year period of authoritarianism, and is on the World Bank Group’s Harmonized List of Fragile Situations. Key drivers of fragility are structural, fiscal and current account deficits, weak public services, high rates of population growth and outmigration of youth – in addition to low agricultural productivity and the negative impacts of climate change and environmental degradation.

3. Rural poverty, food insecurity and malnutrition in The Gambia are closely associated with low agricultural productivity, particularly in rainfed systems. The annual 3.5 per cent GDP growth rate is still insufficient to meaningfully reduce poverty. The Government has made food and nutrition security national priorities, in addition to climate resilience.

Special aspects relating to IFAD’s corporate mainstreaming priorities
4. In line with the mainstreaming commitments of the Eleventh Replenishment of IFAD’s Resources (IFAD11), the Resilient Organizations for Transformative Smallholder Agriculture Project (ROOTS) has been classified as nutrition- and youth-sensitive.

5. The project proactively addresses gender, youth, nutrition and environment/climate change aspects. It is consequently aligned with the IFAD11 mainstreaming agenda and transformational framework. Key project activities under each area include:

(i) Nutrition. The country is on the verge of a nutrition emergency. The project will: (i) enhance the capacity of beneficiaries/ministries in essential nutrition actions and essential hygiene actions; and (ii) train select mothers/fathers on essential nutrition actions, essential hygiene actions, the consumption of diversified diets, food planning and budgeting, and facilitation of step-down training. It will promote nutritive varieties and establish horticulture value chains to reduce the prevalence in the country of child malnutrition (stunting, wasting and underweight).

(ii) Gender. The project will address key issues related to gender imbalances through a targeting of women along the rice and horticulture value chains (smallholder farmers, processors and marketers). Eighty per cent of the beneficiaries will be women. Capacity-building will be organized for both communities and the Government to take gender aspects into consideration.

(iii) Youth. The Gambia’s rural population is very young, with 60 per cent of the poor under the age of 20. They are affected by very high unemployment (37 per cent, compared to 12.9 per cent nationally; World Bank, 2018) and without opportunities, they are forced to migrate. ROOTS will address these
challenges with the establishment of quotas of at least 25 per cent youth participation in beneficiary groups, priority access to matching grants for rural youth entrepreneurs and capacity-building at the Songhai Training Centre. In addition, the project will support public-private-producer partnerships (4Ps) to improve the overall business environment in agriculture.

(iv) **Climate change.** The Gambia is extremely vulnerable to climate change, and natural resources are being degraded. ROOTS will promote an inclusive climate-resilient, low-emission approach to smallholder agriculture. ROOTS will support the building and scaling up of the resilience and adaptive capacity of farmers’ organizations (FOs), including youth and women’s organizations, cooperatives and small and medium-sized enterprises (SMEs), along with agricultural and water resource management practices, water infrastructure (micro-catchments, run-off control dykes and causeways) and irrigation systems using renewable energy.

**Rationale for IFAD involvement**

6. The project is fully aligned with the IFAD Strategic Framework 2016–2025 and the priorities established in the IFAD11 business model, with a targeting of the poorest countries in fragile situations, and the country strategic opportunities programme (COSOP) 2019–2024. ROOTS will contribute to the renewed commitment on the part of the country and of IFAD to reduce rural poverty and to the Sustainable Development Goals (SDGs), Agenda 2030 and the Paris Climate Change Agreement.

7. The Government of The Gambia has committed to stronger agricultural performance since the democratic transition and has asked IFAD to cofinance ROOTS.

8. The project will support the Government’s strategic vision as captured in the National Development Plan 2018–2021. It will also deal with key challenges identified in the IFAD country programme evaluation (CPE): (i) the country’s inability to meet domestic food requirements; (ii) its inability to address food and nutrition security and the diversification of diet; (iii) low productivity, driven by an input system and farming model that are inefficient and not adapted to climate change; (iv) when market demand exists, the necessity to establish partnerships between producers, the public sector, and private stakeholders; and (v) improvement in the procurement systems and better project management arrangements. As the lead donor in the technical working group, IFAD will play a key role in policy dialogue and donor coordination with institutions, including other development partners, NGOs and civil society organizations, the private sector, relevant government departments/agencies and United Nations agencies.

**B. Lessons learned**


10. Its main focus will be on the scaling up of the achievements of the National Agricultural Land and Water Management Development Project (NEMA) in the rice and vegetable value chains, and on contributing to the improvement of household food and nutrition security and farm incomes, while transitioning smallholder farmers (particularly youth and women) from subsistence to commercial entrepreneurs. In addition, special attention will be given to key issues raised in the CPE, such as the targeting strategy for reaching poor farmers and deepening partnership opportunities, project management performance and oversight – for effective and efficient delivery mechanisms within the Government to enhance the sustainability of benefits.
II. Project description

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

11. The goal of the project is to improve food security, nutrition and resilience of smallholder farmers to climate change in The Gambia.

12. The project’s development objective is to increase agricultural productivity and access to markets for enhanced food security and nutrition and for the resilience of family farms and FOs.

13. Project area. ROOTS will be implemented in five regions: (i) Central River Region; (ii) North Bank Region; (iii) Lower River Region; (iv) West Coast Region; and (v) Upper River Region. Within these regions, 39 districts have been selected based on indicators related to poverty, vulnerability, remoteness, quality and scale of infrastructure, and harmonization with other donor-supported programmes.

14. The direct beneficiaries of the project are approximately 40,000 households (over 10 per cent of the population), of which 80 per cent are women and 25 per cent youth and persons with disabilities. The project will also target micro-entrepreneurs, government staff in the relevant ministries, agencies and commissions, and the private sector.

B. Components/outcomes and activities

15. ROOTS will have the following components:

16. **Component 1. Agricultural productivity and adaptation to climate change**, with two subcomponents:

   • **Subcomponent 1.1**, through which the project will: (i) consolidate 1,300 ha of land currently under poorly performing tidal irrigation and introduce tidal irrigation on 2,800 ha of existing agricultural land (average amount of land per community is between 25 and 75 ha); (ii) equip over 200 ha of land with water control dykes to prevent flooding during the rainy season; (iii) equip 800 ha of land with new micro-catchment structures for run-off control; (iv) establish and strengthen water user management units; and (v) upgrade 20 km of causeways to access 800 ha of swampy rice-growing areas. In addition, the project will upgrade 40 vegetable gardens and develop 30 new ones. Ecosystem preservation activities will be financed around the production sites, such as the rehabilitation of 1,300 ha of mangroves and 1,400 ha of community forests.

   • **Subcomponent 1.2**, through which the project will support: (i) access to agricultural services (extension, input provision and financial education), with a focus on the promotion of farmers’ field schools for rice and vegetables; (ii) the emergence of 240 youth-led businesses that focus mainly on the provision of services to the value chains; and (iii) capacity development of grass-roots FOs to develop services for their members.

17. **Component 2. Access to markets**, which comprises two subcomponents:

   • **Subcomponent 2.1**, which will focus on value chain and market linkages. It will finance: (i) agricultural value chain interaction platforms (AVIPs) – one rice AVIP and one vegetable AVIP will be established in each region targeted by the project, with key value chain stakeholders (producers, processors, traders and transporters) and the voice-based market information system introduced by NEMA being scaled up; (ii) capacity development of the National Coordinating Organization for Farmer Association in The Gambia, as

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1 Roughly 5 km for every 200 ha section.
well as the national commodity organizations of food processors and rice and vegetable growers; and (iii) the construction of markets and roads.

- **Subcomponent 2.2**, which will support the business ideas of 4Ps, particularly those focused on post-harvest and value-addition elements. The project will ensure that: (i) FOs and SMEs prepare high-quality business plans; and (ii) matching grant resources are efficiently mobilized and utilized – as a pilot, and after the midterm review, matching grant funds will be blended with potential private capital from the Gambian diaspora; and (iii) post-investment business support is available to sustain the 4Ps, by linking the SMEs to specialized business development services, including certification and food safety standards.

18. **Component 3: Project management, institutional development and citizen engagement.** The goal of this component is to facilitate: (i) efficient coordination, monitoring and evaluation of project activities; (ii) knowledge management, communication and learning; (iii) stakeholder awareness and participation, through timely and transparent communication of results and consistent citizen engagement; and (iv) policy dialogue and South-South and Triangular Cooperation.

C. **Theory of change**

19. The government of The Gambia faces significant challenges related to rural poverty, food insecurity, malnutrition and climate change. Given that agriculture is the principal source of livelihood for the rural population – and that rural poverty, food insecurity and malnutrition are closely associated with low agricultural productivity – investments that increase the productivity of farmers and increase their resilience to climate change while improving linkages to markets can transform the lives of the rural poor, particularly for women and youth. ROOTS will support this transformation through climate-smart investments and by improving the technical and organizational capacities of FOs and others along the rice and horticulture value chains, with a particular focus on women and youth.

D. **Alignment, ownership, and partnerships**

20. **Alignment with the SDGs.** The project promotes SDGs 1, 2, 5, 8, 9, 13 and 15.

21. **Country ownership and alignment with national priorities.** The project is fully aligned with the National Development Plan 2018–2021, the Agriculture and Natural Resources Policy 2017–2026 and other relevant sectoral policies. In terms of ownership, collaboration will continue with the Government, civil society representatives and beneficiaries throughout the life of the project, including through citizen engagement workshops, consultations and meetings. As recommended by the CPE, target village groups need to be in agreement with infrastructure development priorities and the correct sequencing of activities needs to be pursued to ensure empowerment and ownership for better sustainability.

22. **Alignment with IFAD policies and corporate priorities.** The project objectives are well-aligned with the COSOP’s strategic objectives 1 (Enhance the productivity and resilience of Gambian family farms) and 2 (Improve FOs’ capacity and enhance farmers’ access to assets, markets and profitable agricultural value chains). The project is also in line with IFAD’s Strategic Framework 2016–2025 and its Strategy and Action Plan on Environment and Climate Change 2019–2025. Implementation arrangements will comply with IFAD’s targeting policy and its Policy on Gender Equality and Women’s Empowerment.

23. **Harmonization and partnerships.** ROOTS is aligned with the new government priorities to reduce poverty and to build resilience. Co-financing mobilized from the OPEC Fund for International Development (OFID), the Global Environment Facility (GEF), and the Agence Française de Développement (AFD) will support the scaling up of outcomes. As the lead donor in the Technical Working Group, IFAD will
explore new collaboration during project implementation in order to close the financing gap.

24. In activities targeting youth, IFAD will collaborate with the United Nations Development Programme to support the Songhai Training Centre. At country level, ROOTS will work closely with the Food and Agriculture Organization of the United Nations to implement the GEF component of the project and provide technical assistance and knowledge management. The project will also enter into operational partnerships with civil society organizations, private sector representatives and local NGOs.

E. Costs, benefits and financing

Project costs

25. The total project cost over six years is US$80 million. This will cover the base costs, estimated at US$70.25 million) and provisions for physical and financial contingencies in the amount of US$9.75 million (14 per cent).

26. The total project costs by component are US$53.26 million for component 1 and US$18.39 million for component 2. Management and coordination costs are US$8.36 million, about 10 per cent of total project costs.

27. The financing gap of US$20.60 million may be closed through subsequent performance-based allocation system cycles (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval), or through cofinancing identified during implementation.

28. In line with the multilateral development banks’ methodologies for tracking climate adaptation and mitigation finance, the total amount of IFAD climate finance for ROOTS is calculated as US$8.61 million, which represents 40 per cent of IFAD’s investment.
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<th>IFAD/DSF grant</th>
<th>IFAD loan</th>
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<th>OFID</th>
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<th>Financing gap</th>
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Table 2  
**Project costs by expenditure category and financier**  
(Thousands of United States dollars)

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<th>IFAD/DSF grant</th>
<th>IFAD loan</th>
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<th>OFID</th>
<th>AFD</th>
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<td>2. Office operation and maintenance</td>
<td>39</td>
<td>46.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>45</td>
</tr>
<tr>
<td>3. Vehicle operation and maintenance</td>
<td>326</td>
<td>36.9</td>
<td>37</td>
<td>4.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>520</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>397</td>
<td>38.3</td>
<td>37</td>
<td>3.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>602</td>
</tr>
<tr>
<td><strong>Total recurrent costs</strong></td>
<td>2 107</td>
<td>41.3</td>
<td>37</td>
<td>0.7</td>
<td>376</td>
<td>7.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17 016</td>
<td>21.3</td>
<td>4 254</td>
<td>5.3</td>
<td>5 300</td>
<td>6.6</td>
<td>10 000</td>
<td>12.5</td>
<td>11 169</td>
</tr>
</tbody>
</table>
Table 3
Project costs by component/subcomponent and project year (PY)
(Thousands of United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>1. Agricultural productivity and adaptation to climate change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. Infrastructure development and management</td>
<td>856</td>
<td>8,107</td>
<td>15,458</td>
<td>15,755</td>
<td>1,302</td>
<td>111</td>
<td>41,590</td>
</tr>
<tr>
<td>1.2. Agricultural services provision</td>
<td>1,703</td>
<td>1,766</td>
<td>2,346</td>
<td>2,893</td>
<td>2,035</td>
<td>922</td>
<td>11,666</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,559</td>
<td>9,873</td>
<td>17,804</td>
<td>18,648</td>
<td>3,337</td>
<td>1,034</td>
<td>53,255</td>
</tr>
<tr>
<td>2. Access to markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. Building value chain and market linkages</td>
<td>666</td>
<td>2,554</td>
<td>2,111</td>
<td>2,260</td>
<td>1,917</td>
<td>206</td>
<td>9,715</td>
</tr>
<tr>
<td>2.2. 4Ps financing</td>
<td>231</td>
<td>1,483</td>
<td>1,544</td>
<td>2,588</td>
<td>2,571</td>
<td>256</td>
<td>8,673</td>
</tr>
<tr>
<td>Subtotal</td>
<td>898</td>
<td>4,037</td>
<td>3,655</td>
<td>4,848</td>
<td>4,488</td>
<td>462</td>
<td>18,388</td>
</tr>
<tr>
<td>3. Project management, institutional development and citizen engagement</td>
<td>2,473</td>
<td>1,215</td>
<td>1,079</td>
<td>1,245</td>
<td>1,117</td>
<td>1,228</td>
<td>8,356</td>
</tr>
<tr>
<td>Total</td>
<td>5,929</td>
<td>15,126</td>
<td>22,537</td>
<td>24,740</td>
<td>8,942</td>
<td>2,725</td>
<td>80,000</td>
</tr>
</tbody>
</table>

Financing and cofinancing strategy and plan
29. Project financing (table 1) includes: (i) an IFAD grant for US$17.02 million (21.3 per cent); (ii) an IFAD loan for US$4.25 million (5.3 per cent, including a US$700,000 allocation for FIPS);2 (iii) a GEF grant for US$5.30 million (6.6 per cent); (iv) an OFID loan for US$10 million (12.5 per cent); (v) an AFD grant for US$11.17 million (14 per cent); (vi) a government contribution of US$5.41 million from tax exemptions (6.8 per cent); and (vii) beneficiary contributions of US$6.25 million (7.8 per cent). The financing gap is estimated at US$20.60 million (corresponding to 25.7 per cent of costs), which could be covered from the IFAD12 allocation (subject to availability of funds, with financial conditions to be determined, and to internal procedures) or from other financiers to be identified during implementation.

Disbursement
30. The designated accounts for the IFAD financing will be operated and replenished following the imprest account arrangements. Other methods of disbursement may include direct payments and reimbursements. Details concerning disbursement methods will be indicated in the letter to the borrower/recipient and the project financing agreement. In addition, after the IFAD financing has come into force and the conditions for first disbursement have been duly complied with, and upon request by the borrower/recipient, IFAD will make an initial deposit to the designated accounts equal to the requirements for six months of implementation (authorized allocation). The authorized allocation will also be outlined in the letter to the borrower/recipient.

Summary of benefits and economic analysis
31. The financial analysis shows profitable investments with an economic internal rate of return of 16.3 per cent, generating a net present value (at a 6 per cent discount rate) of US$37.1 million, which includes environmental benefits. The results are robust under various scenarios of implementation delays, reduced benefits and adoption. The economic analysis takes into account all aggregate benefits of the production activities, 4Ps and environmental co-benefits. The sensitivity analysis shows robust results in all scenarios, using a variety of risk levels.

Exit strategy and sustainability
32. The exit strategy and sustainability will be ensured by: (i) the financial and economic profitability of proposed investments; (ii) strengthened public institutions; (iii) better-equipped youth training institutions, stressing youth and women’s leadership; (iv) empowered and autonomous FIs at all levels, building the communities’ sense of ownership and their operation and maintenance capacity;

2 Faster Implementation of Project Start-up instrument.
(v) sustainable infrastructure well managed by communities and FOs; (vi) clear operation and maintenance arrangements and responsibilities for large and complex infrastructure; (vii) promotion of a more structured approach to value chain support and due consideration for inclusive rural financial services; and (viii) review at midterm, with adjustments if necessary, of the financing mechanisms with the Gambian diaspora.

### III. Risks

#### A. Risks and mitigation measures

33. The most significant project risks and their mitigation measures are summarized in the table below.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk rating</th>
<th>Mitigation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political/ governance</td>
<td>Medium</td>
<td>Joint participation with other technical and financial partners in political dialogue.</td>
</tr>
<tr>
<td>Macroeconomic</td>
<td>Medium</td>
<td>International Monetary Fund (IMF): effective monitoring of and support to economic and financial policy focusing on debt sustainability and fiscal discipline. Clear agreement during project negotiations on conditions for tax exemption.</td>
</tr>
<tr>
<td>Sector strategies and policies</td>
<td>Medium</td>
<td>IFAD participation and support in policy dialogue and policymaking. Strenthening of policymaking capacities at the Ministry of Agriculture. Project implementation flexibility at midterm to revisit sectoral priorities.</td>
</tr>
<tr>
<td>Institutional capacity</td>
<td>High</td>
<td>Training of trainers, additional capacity development and mobility support provided by the project. Revised organizational chart, with updated roles and more positions, coupled with international and national technical assistance where necessary. Policy dialogue, awareness-raising and training on inclusive commercial partnerships (4Ps) delivered by the project.</td>
</tr>
<tr>
<td>Fiduciary - financial management</td>
<td>Medium</td>
<td>Significant provisions in the law on probity and anticorruption, including sanctions and penalties in the event of it being uncovered.</td>
</tr>
<tr>
<td>Fiduciary - procurement</td>
<td>Medium</td>
<td>Appropriate staff in place in the project support unit (PSU), together with international technical assistance and delegated contract management.</td>
</tr>
<tr>
<td>Environment and climate</td>
<td>High (climate); Medium (environment)</td>
<td>Introduction of climate-resilient technologies and practices (adapted seeds, agroforestry, integrated soil fertility, anti-salinization and anti-erosion works).</td>
</tr>
<tr>
<td>Overall</td>
<td>Medium</td>
<td>IFAD has long experience in The Gambia and with managing its projects in a risky environment. Lessons learned from projects that have concluded and are ongoing in the field – in addition to the IFAD Country Office’s well-established relationships with the stakeholders at different decision-making levels – will illuminate development of the new project and help mitigate the risks identified above.</td>
</tr>
</tbody>
</table>

#### B. Environment and social category

34. ROOTS is classified as a **Category B project**, implying that it is unlikely to cause significant adverse environmental effects. To mitigate potential social exclusion and improve income, particularly for youth and women, the project will support the creation of inclusive solution-oriented platforms for high-level policy dialogue between private operators, FOs and public authorities, and access to land and credit. An environmental and social management framework has been developed to address potential environmental and climate impacts.

#### C. Climate risk classification

35. Based on IFAD’s climate risk categorization, ROOTS is classified as “high”. To address the impact of climate change, the project will be supporting climate-resilient infrastructure in the targeted areas, so as to expand arable land and water management productivity and reduce poor people’s vulnerability to natural hazards, food and nutrition insecurity, and climate change impacts. A detailed climate risk analysis was produced and is available.

#### D. Debt sustainability

36. Despite strong economic growth in recent years, debt sustainability continues to pose a major challenge. Levels of public debt and debt service are high, with the latter absorbing more than half of domestic revenue. The October 2018 Joint
Bank-Fund Debt Sustainability Analysis of the IMF/World Bank International Development Association states that The Gambia is currently in external debt distress; all five external debt burden indicators exceed their indicative thresholds by large margins. A large pipeline of already contracted loans adds to the challenge of solvency. According to the IMF’s current Staff Monitored Program, The Gambia requires debt relief, and new borrowing needs to be on highly concessional terms and reserved for the very highest priority projects, for which grant financing is not available.

IV. Implementation

A. Organizational framework

Project management and coordination

37. Building on the CPE outcomes and recommendations, and unlike the NEMA centralized project coordination unit located in Banjul, a new decentralized PSU will be established under the central project coordination unit (CPCU) of the Ministry of Agriculture. In each of the five regions, a regional field coordinator position will strengthen project delivery, ensure institutional sustainability and improve the synergy and complementarity with other ongoing projects. A national project steering committee, comprising various public, private and civil society stakeholders, will oversee project implementation and provide strategic guidance.

Financial management, procurement and governance

38. Financial management. Project funds will be managed pursuant to the current procedures of The Gambia and IFAD, which will be detailed in the letter to the borrower/recipient and in the project’s manual of administrative, financial and management procedures.

39. Procurement. The PSU will carry out procurement functions in line with The Gambia’s current Public Procurement Law (2014). The Gambia has a history of practising market-based and competitive techniques for contracting the supply of goods, works and public service delivery. Tendering for most works and locally available goods will be carried out by the PSU in collaboration with the CPCU contracts committee. Other procurement subject to local shopping methods will be carried out by the PSU, with implementing agencies providing the necessary technical specifications, bills of quantities and terms of reference. The CPCU contracts committee will evaluate bids.

40. Governance. ROOTS will apply the principles of good governance and transparency and IFAD’s Anticorruption Policy, under which there is zero tolerance of activities where it has been determined – through an investigation performed by the Fund, the borrower/recipient or another competent entity – that fraudulent, corrupt, collusive or coercive actions have occurred in projects financed through its loans and grants. It shall enforce a range of sanctions in accordance with the provisions of the applicable IFAD rules and regulations and legal instruments.

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

41. Planning, monitoring and evaluation, and knowledge management will be combined in order to establish a robust and user-friendly learning and reporting system, in line with IFAD’s Operational Results Management System. In addition, ROOTS will support the development and implementation of a framework and system for agricultural monitoring and evaluation within the Ministry of Agriculture. This system will also feed the Gambia National Agriculture Database.

Innovation and scaling up

42. The innovations promoted by ROOTS consist of a series of interventions building on the successful results of previous projects in The Gambia and the subregions. These are: (i) upgraded vegetable gardens with new climate-smart features;
(ii) hydro-agricultural schemes and infrastructure to better manage salinity and drought/floods, constructed under the oversight of a delegated contract management company; (iii) marketing and food processing; (iv) access to private capital from the diaspora community through crowdfunding platforms; (v) exchange of learning between project staff, government bodies and beneficiaries; and (vi) policy dialogue and South-South and Triangular Cooperation to learn from global and regional experience, particularly that of Senegal.

C. Implementation plans

Implementation readiness and start-up plans

43. The start-up plan and activities to be implemented by ROOTS before project effectiveness include: (i) establishing/recruiting the project’s technical team at national and regional levels, based on the performance assessment of NEMA staff, and an external recruitment process led by a third party (international recruitment company); (ii) developing a detailed monitoring and evaluation manual and management information system; (iii) initiating the procurement of equipment and vehicles that are essential to start the project; (iv) embarking upon district and village targeting; (v) launching the bidding process for the two cases of international technical assistance supporting the PSU; and (vi) undertaking the baseline survey. The start-up plan will be financed in part by the FIPS.

Supervision, midterm review and completion plans

44. IFAD will conduct two supervision and implementation support missions per year, with the participation of the Government and other financial partners. IFAD and the Government will conduct a joint midterm review at the end of year 3. The completion mission will be organized at the end of the project, with the participation of all stakeholders.

V. Legal instruments and authority

45. A project financing agreement between the Republic of The Gambia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.

46. The Republic of The Gambia is empowered under its laws to receive financing from IFAD.

47. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

48. 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 highly concessional terms to the Republic of The Gambia in an amount of four million two hundred and fifty-five thousand United States dollars (US$4,255,000) 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 Debt Sustainability Framework grant to the Republic of The Gambia in an amount of seventeen million twenty thousand United States dollars (US$17,020,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hounkbo
President
Negotiated financing agreement

Negotiated financing agreement: "Resilience of Organizations for Transformative Smallholder Agriculture Project (ROOTS)"
(Negotiations concluded on 10 October 2019)

Loan No: __________
DSF Grant No: __________

Project name: Resilience of Organizations for Transformative Smallholder Agriculture Project (ROOTS) ("the ROOTS"/ "the Project")

The Republic of The Gambia (the Borrower/Recipient)

and

The International Fund for Agricultural Development (the “Fund” or “IFAD”)

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

WHEREAS

The Borrower/Recipient expects to obtain from the Organisation of the Petroleum Exporting Countries ("OPEC") Fund for International Development ("OFID") financial assistance approximately in the amount of ten million United States dollars (USD 10 000 000) to assist on financing the Project ("OFID Loan").

The Agence Francaise de Développement (AFD) has expressed interest in providing financial assistance approximately in the amount of ten million Euro (EUR 10 000 000) to assist on financing the Project.

The GEF Secretariat, acting in its capacity as the GEF Executing Agency, has expressed interest in providing financial support on a grant basis to assist the Borrower/Recipient in the implementation of the Project as described in Schedule 1 to this Agreement;

The Borrower/Recipient has requested a loan and a Debt Sustainability Framework (DSF) grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

The Fund has agreed to provide financing for the Project

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the “General Conditions”) are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan and a DSF Grant (the “Financing”) to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. A. The amount of the Loan is four million two hundred and fifty five thousand United States Dollars (USD 4 255 000).

   B. The amount of the DSF Grant is seventeen million and twenty thousand United States Dollars (USD 17 020 000).

2. The Loan is granted on highly concessional terms, and shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund’s Executive Board, payable semi-annually in the Loan Service Payment Currency. The Loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund’s Executive Board.

   The principal of the Loan will be repaid at two per cent (2%) of the total principal per annum for years eleven (11) to twenty (20), and four per cent (4%) of the total principal per annum for years twenty-one (21) to forty (40).

3. The Loan Service Payment Currency shall be in USD.

4. The first day of the applicable Fiscal Year shall be the 1st of January.

5. Payments of principal and interest shall be payable on each May 31st and November 30th.

6. The Borrower/Recipient shall establish one Designated Account in United States Dollar (USD) at the Central Bank of The Gambia, for the proceeds of the IFAD Grant and loan. In addition, Borrower/Recipient shall establish an account in Gambian Dalasi to receive counterpart financing. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account. The Borrower/Recipient shall open a Designated Account for each additional cofinancier.

7. The Designated accounts shall also serve as the Project accounts.

8. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of five million four hundred ten thousand United States Dollars (USD 5 410 000) in the form of tax exemption for the Project, spread over the duration of the Project as follows:

   i. Year one USD 383 000 approximately 7%.
   ii. Year two USD 1 030 000 approximately 19%.
   iii. Year three USD 1 527 000 approximately 28%.
   iv. Year four USD 1 675 000 approximately 31%.
Appendix I

v. Year five USD 607 000 approximately 11%.
vi. Year six USD 188 000 approximately 3%.

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture (MoA) of the Borrower/Recipient.

2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.

3. The Project Completion Date shall be the sixth (6) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower/Recipient.

Section D

The Fund will administer the Financing and supervise the Project, and the Borrower/Recipient will implement and conduct its own administration and supervision of the Financing and the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

   (a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Project.

   (b) Key Project staff, as per section 8 and 9 of Schedule 1 of this Agreement, has been removed without the prior agreement of the Fund.

   (c) Use of Project vehicles and other equipment has not been used in accordance with section 10 of Schedule 3 of this Agreement.

2. The following are designated as additional general conditions precedent to withdrawal:

   (a) IFAD’s no objection to the PIM shall have been obtained;

   (b) Key Project staff has been recruited/appointed as per section 8 and 9 of Schedule 1 of this Agreement; and

   (c) The external audit TORs shall have been signed with the National Audit Office including an extended scope of the audit to ask for specific assurance on the Matching Grant mechanism.

3. This Agreement is subject to ratification by the Borrower/Recipient.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Minister for Finance and Economic Affairs
Ministry of Finance and Economic Affairs
The Quadrangle
Banjul
Gambia (The)

For the Fund:

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

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient.

THE REPUBLIC OF THE GAMBIA

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: ______________

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

___________________
Gilbert F. Houngbo
President

Date: ______________
Schedule 1

*Project Description and Implementation Arrangements*

I. Project Description

1. **Target Population.** The Project shall benefit the population in these catchment areas, in particular smallholders, micro-entrepreneurs, and poor rural youth and women. It is expected that 80 per cent of beneficiaries will be women who are the core rice and vegetable producers in the country and 25 per cent will be youth. ROOTS will proactively facilitate access to Project activities for women and youth to productive assets (land, water), financing, knowledge as well as their participation in Project implementation, community representation and decision-making. As more than 10 per cent of The Gambian population are people with disabilities, the Project will seek to involve them in the most appropriate segment of the selected value chains.

2. **Project area.** The Project will be operated in five regions: (i) Central River Region (CRR); (ii) North Bank Region (NBR); (iii) Lower River Region (LRR); (iv) West Coast Region (WCR); and (v) Upper River Region (URR).

3. **Goal.** The goal of the Project is to improve food security, nutrition and smallholder farmers’ resilience to climate change in The Gambia.

4. **Objectives.** The objective of the Project is to increase agricultural productivity and access to markets for enhanced food security and nutrition, and resilience of family farms and farmer organizations.

5. **Components.** The Programme shall consist of the following three Components: (i) Agricultural productivity and adaptation to climate change, (ii) Access to markets and (iii) Project management, institutional development, and citizen engagement.

5.1 **Component 1: Agricultural productivity and adaptation to climate change**

5.1.1 **Subcomponent 1.1 Infrastructure development and management.** The activities under this sub-component shall include:

(a) **Infrastructure development and management for resilient rice cultivation.** The Project shall support the upgrade and new development of dry-season tidal irrigation in wet season rice growing areas and applying a landscape approach to develop new wet-season water-control structures on existing moisture deficit agricultural areas with rainwater harvesting through: (i) wet-season valley bottom water control cascaded dykes and (ii) micro-catchment water runoff control dykes.

(b) Selection of the best bid from competing suppliers and contractors by using international competitive bidding. The Project Support Unit (PSU) shall mobilize ITA to oversee, with the support of a Delegated Contract Management entity (DCM), the Feasibility Study and Detailed Design (FS&DD) and supervision of civil works performed by international/national contractors. For a third-party quality management public entity (so called “delegated contract management” - DCM), this shall facilitate the review and clearance of FS&DD (upstream work)
and private sector operators and others subject to an appropriate evaluation, thematic studies, quality control (supervision) of civil and electromechanical works (downstream work) and ensure that procured works, goods and services are of the desired quality. The Department of Parks and Wildlife (DWPM) shall implement the ecosystem preservation activities.

(c) The Project shall strengthen 40 Water User Management Units (WUMUs) to plan, maintain and sustainably manage the rice irrigation schemes, with participation of at least 60 per cent women as the force is composed of 60 per cent women and 25 per cent youth to help ensure the long-term sustainability of infrastructure.

(d) The Project shall support the policy environment around irrigation works (including for rehabilitation, construction and maintenance). As part of the policy dialogue, the Project shall work on the definition of the status of WUMUs and their role in the O&M of irrigation infrastructure (which currently remains state property).

(e) The WUMUs shall be linked to catchment management institutions to ensure their allocation of water also respects the water needs from other users, like livestock. ROOTS shall support the establishment and strengthening of 15 micro catchment management committees. The Project shall finance 10 water-gauging stations and 11 groundwater resource data collection stations and their networks to allow WUMUs to continuously monitor the water discharge. District-level staff, with the support of a WUMU Specialist from the Ministry of Water, shall support the formation and strengthening of these institutions in water management, in infrastructure management, and in institutional management.

(f) Market-oriented vegetable gardens. Vegetable gardens have been supported by various development partners to strengthen the resilience and nutrition of women kafos members.

(g) Upgrading existing vegetable gardens. To capitalize on existing investments, ensure the resilience of women kafos, increase their incomes and enhance their nutritional status, ROOTS shall upgrade 40 existing gardens following an in-depth assessment of current socio-technical performance and limiting factors. As most of the observed limitations are partly related to improper designs, the project shall update the current technical design guidelines.

(h) Irrigation system modifications. The Project shall support the local fabrication of pipes that are of higher quality but at the same time affordable. Recycling used pipes, as supported by the youth-based services described below, shall be promoted. Technical and managerial capacity building for proper O&M and optimal use of on-farm water management systems shall be financed. Concerted efforts shall be exerted to promote volumetric-based water service fees collection systems to ensure that O&M and replacement fees are deposited in the WUMUs' bank account thus establishing a viable investment exit strategy.

(i) New market oriented vegetable gardens. Thirty new gardens shall be established next to lombo or near markets and follow the improved technical design features described above. When possible, new gardens shall also integrate poultry (eggs and broilers) to diversify income sources and enrich household diets. To ensure commercial viability, 75-125 business-oriented participants shall be served per garden.

5.1.2 Subcomponent 1.2 Agricultural services provision

(a) Agricultural productivity enhancement. The extension activities planned under ROOTS shall align with and contribute to the National Extension Policy and Strategic Plan (the latter to be completed in 2019).
(b) **Financing three types of capacity-building in the irrigated perimeters.** First, Farmers Field Schools (FFS) will be organized to introduce the System of Rice Intensification (SRI) management system. A second type of capacity-building support consists of farmers’ training, targeting the rainfed tidal and rainfed lowlands. ROOTS shall use the Participatory Learning and Action Research (PLAR) modules developed by AfricaRice to assist farmers in these systems. Implementation of the PLAR materials, and training of field staff, will be led by an internationally recruited expert. The third type of capacity-building support shall be conducted to (a) support the identification of the most desired rice varieties using the Participatory Varietal Selection for Extension methodology pioneered by Africa Rice, and (b) multiply quality-declared seeds within the rehabilitated and newly constructed tidal irrigation perimeters, using community-based seed systems. Support will be given to the Village Extension Workers (VEW) and field staff of the National Seed Secretariat, with backstopping from an internationally recruited expert.

(c) **In the new and upgraded vegetable gardens,** the FFS approach shall be used to support women farmer groups. Support for O&M activities shall complement infrastructure interventions. Horticultural FFS shall be held in 30 of the 40 upgraded gardens and all of the newly-constructed gardens. All new and upgraded gardens shall also have FFS on drip irrigation.

(d) **ROOTS** shall: (i) adapt training manuals on Essential Nutrition Actions (ENA) and Essential Hygiene Actions (EHA); and (ii) train select mothers/fathers on ENA/EHA/consumption of diversified diets/planning and budgeting for food as well as facilitate step-down training.

(e) **Youth-based services.** The Project shall finance business ideas from youth focused on agricultural services provision.

(f) **Youth incubation.** The Project shall collaborate with the Songhai Centre, given its demonstrated capacity, and partner closely with UNDP. The Project shall support Songhai to diversify its existing youth training curricula by developing new modules on agriculture finance, environment and climate change, value chain development, agribusiness, digital agriculture, business plan development, food conservation and processing. ROOTS shall also help Songhai to access digital technologies and organize specialized training on their use, small processing equipment for on-site demonstrations, and infrastructure to increase the Centre’s hosting capacity. The Project shall help Songhai develop partnerships with a network of private agri-food enterprises willing to contribute to internship and Training and Vocational Education and Training (TVET) programs. Starting in year 3, the Project shall also subsidize the placement of five graduates in newly developed market-oriented vegetable gardens to act as production, marketing and value addition advisors to the producer groups. Furthermore, the Project shall support Songhai in financing and managing a reward program for its ten best students from each cohort. This Project shall complement young student’s earnings by contributing financially to their business ideas.

(g) The Project shall finance at least 240 youth-led small businesses. Eligible businesses will include: (i) mechanized agriculture services; (ii) agriculture transport services; (iii) agro-dealerships; (iv) maintenance of agricultural equipment (e.g. drip irrigation pipes); and (v) digital technologies for agriculture services (ICT, drones, agricultural service apps). In addition, the Project shall finance awareness raising, business plan preparation and post-
investment monitoring and support. As part of the early implementation and through the FIPS, the Project shall be developing youth and gender strategies to guide all interventions identified throughout the Project cycle.

(h) **Capacity development of FOs.** The Project shall support farmers’ organisations (FOs) at the level of rice and vegetable production sites. Based on the work initiated by NEMA, the Project shall continue to: (i) support the organisation of women kafos around vegetable gardens; and (ii) transform Village Farmers Associations (VFA) into cooperative societies (clustering several villages) around the new/ upgraded rice perimeters. A total of 40 new women kafos and six cooperatives societies shall be established and strengthened. Service providers shall strive to reach 80 per cent participation of women field staff to meet the need of women beneficiaries. On the latter, the Project shall enhance the readiness and bargaining power of FOs to enter into sustainable commercial partnerships with buyers, including 4Ps (see component 2). The Project shall train female entrepreneurs in vegetable and rice production to enhance their performance in record keeping and business management to own and operate their business in a sustainable manner.

(i) **Input provision.** The Project will support cooperatives to enter into sustainable commercial partnerships with input dealers. To assist cooperatives in accumulating the liquidity to independently underwrite their own production activities, the Project will use a partial and declining subsidization mechanism over three years (year 1: 80 per cent, year 2: 50 per cent, year 3: 20 per cent of major inputs costs).

(j) **Access to finance.** The Project will promote: (i) the increased savings capacity of FOs and their members through Credit Unions (CUs) and Micro Finance Institutions (MFIs), and particularly women-led FOs and SMEs (ii) the access to diaspora financing/remittances through a pilot.

(k) The Project shall support the provision of the services through mobile Financial Service Providers’ agents or through third party non-bank agents and mobile money. Furthermore, it shall support the supply of other financial services catering to the needs of the target groups, in particular the provision of remittances linked with the promotion of savings and access to productive loans. The Project will enhance the skills of farmers’ organisations to make prudent usage of these products through financial education.

5.2 **Component 2: Access to markets**

5.2.1 **Subcomponent 2.1 Climate resilient value-chains and market linkages**

(a) **Agricultural value-chain interaction platform.** ROOTS shall enhance and scale-up the AVIPs initiated by NEMA. AVIPs bring together key stakeholders (producers, processors, traders, transporters) around the rice and vegetable value-chains.

(b) The Project shall finance the steps to operate AVIPs, including: (i) information and mobilization around the AVIP initiatives and 4Ps approach; (ii) market analyses; (iii) establishment of AVIPs at selected local or regional markets; (iv) operationalization of AVIPs and contracts/4P brokering; and (v) local policy dialogue and product branding. The Project shall also finance the training of
AVIP facilitators and visits to Senegal for knowledge sharing with well-established value-chain roundtables.

(c) To support AVIPs and strengthen FOs in marketing decision making, and support women in decision making, the Project shall sustain and scale-up the voice-based market information system (MIS) introduced by NEMA and established around 10 lumos and markets and 15 major vegetable crops. ROOTS shall build on the existing system (cloud-based server, database web platform, facilitators), expand it to new value-chains (rice) and to all new women kafos gardens supported under Component 1 and introduce innovations such as climate information.

(d) *Strengthening apex farmer organisations.* ROOTS shall finance a capacity development program for NACOFAG, the Gambian apex body.

(e) At the level of national commodity organizations, the Project, through a contract with NACOFAG, shall strengthen the National Rice Farmers Association (NRFA), the National Association of Food Processors (NAFP) and support the emergence of the National Vegetable Growers Association (NVGA).

(f) *Market infrastructure and rural roads.* In addition to facilitating market linkages, the construction/rehabilitation of market and connectivity infrastructure shall have positive impacts on the environment for 4Ps transactions. During the initial year of the Project, an inventory of the main lumos and markets shall be prepared to prioritize markets for construction or rehabilitation. Four existing market outlets at strategic locations shall be supported. In order to connect remote villages to the main road and to markets, access roads shall be constructed (60km) and renovated (10km), following the same FS&DD and oversight modality.

5.2.2 *Subcomponent 2.2 4P financing*

(a) *Business plan development.* ROOTS shall support FOs and SMEs in preparing business plans and establishing contractual arrangements for effective 4Ps. ROOTS shall focus on improving the quality of business propositions and working with national institutions to ensure sustainability.

(b) In addition to the AVIPs, which shall enhance networking between value-chain stakeholders, the Project will finance fairs and information campaigns to boost linkages and shall broker contracts between FOs and larger value chain actors, including institutional buyers such as the World Food Program (WFP). The Project shall provide technical assistance to prepare standard contract templates between 4P actors, particularly given that proven pre-engagements between SMEs and FOs will be a criterion for matching grant financing.

(c) *Business plan financing.* ROOTS shall establish a separate matching grant window for financing post-harvest and value-addition business plans proposed by FOs and SMEs engaged in 4P arrangements.

(d) *Post-investment business support.* ROOTS shall include post-investment business support for benefitting SMEs and FOs, which was lacking in previous initiatives. To facilitate the access of SMEs to specialized business development services like certification (ISO), food safety standards, good manufacturing practices, financial management and linkages to export markets, the Project shall identify potential service providers, organize the participation in regional or international fairs and co-finance some of the capacity building activities. The Project shall also pilot FO and SME financing innovations. The Project shall
strengthen existing fintech prototypes, such as Money Farm Gambia, that aim at intermediating debt financing from the "crowd", most particularly the diaspora, to rural entrepreneurs. The pilot will benefit from backstopping by IFAD’s Financial Facility for Remittances (FFR) team.

5.3 **Component 3: Institutional Development, Project Management and Citizen Engagement.**

(a) *Policy dialogue.* The Project shall support policy dialogue and South-South and Triangular Cooperation (SSTC) activities which will lead to key agricultural reforms. The Project shall finance selected policy dialogue forums involving FOs (more particularly NACOFAG), private sector representatives and policymakers. Examples of policy dialogue areas relevant to the project include: (i) the adoption and implementation of CFS Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), more particularly to address barriers to women’s and youth access to land and financing; (ii) policy barriers to domestic rice production in The Gambia, based on a competitiveness analysis financed by the Project.

(b) *Sustainability of the irrigation infrastructure.* The Project will document experiences from implementation and engage in discussions and potential reforms around the definition of the WUAs’ status and their role in the O&M of irrigation infrastructure (which currently remains state property).

(c) On SSTC, ROOTS shall work closely with other IFAD-funded projects and learn from global and regional experiences on rice and horticulture production in the context of climate change. Enhanced cooperation between the Gambian and Senegalese MoAs with respect to seed supply systems and the use of appropriate production and post-harvest technologies will strengthen both countries' capacity to improve productivity, while exchange visits will provide opportunities for learning. Exchange visits shall focus on FOs advocacy and organization, cooperative-based business development, FFS experiences, gender equality and women’s empowerment and M&E.

**II. Implementation Arrangements**

6. **Mid-term review (MTR).** A MTR shall be carried out mid-way through the implementation phase. It will include a comprehensive assessment of the overall progress with implementation and achievement of ROOTS objectives as laid out in the PIM.

7. **Lead Project Agency (LPA).** The MoA shall be the LPA and shall be responsible for Project oversight and implementation, and provide inter-ministerial coordination. Through its CPCU, the MoA shall ensure harmonization and alignment among donors. A National Steering Committee (NSC) and technical advisory committees shall be established for Project strategic direction and policy guidance. To ensure timely and effective execution of ROOTS’ day-to-day activities, the MoA shall establish a PSU at national level, seconded by five Regional Coordination Units (RCUs).

8. **Project Support Unit.** The PSU shall be in charge of Project-level coordination and oversight.

(a) The PSU shall include:

- a Project Director;
- a Capacity Development and Knowledge Management Officer;
- a Monitoring and Evaluation Officer;
• a Business Development Officer;
• a Social Inclusion Officer;
• a Senior Climate-smart Agriculture Officer;
• a Climate Change and Natural Resources Management Officer;
• a Senior Engineer;
• a Water Resources Officer;
• a Financial Controller;
• a Procurement Officer.
• an Internal Auditor

(b) **Implementing partners.** The PSU shall work through implementing partners, which shall include:

• technical units in the MoA or other line ministries;
• Farmer Organizations (FOs);
• national and international NGOs;
• the private sector.

9. **Six Regional Coordination Units.** RCUs shall be established in each of the five regions covered by the Project. A Regional Coordinator post shall be financed to strengthen the Project delivery and to improve synergy and complementarity with other on-going Projects. The RCU will be comprised of four field assistants posts to cover: (i) sustainable rice production (ii) integrated market-oriented vegetable gardens; (iii) FOs capacity development; and (iv) market and value-chains. The Regional Coordinator shall work under the leadership of the MoA’s Regional Agriculture Director.

10. **Implementation with Technical support.**

(a) International Technical Assistance, progressively phasing out after two years, shall be recruited to ensure the smooth implementation of Component 2.

(b) ROOTS shall partner with the FAO country office to provide technical support for the implementation of some components, including the GEF-financed activities. Through its field presence and knowledge, FAO shall focus its technical assistance on capacity building of FOs, marketing, business planning etc., as well as the capacity building of the decentralised PMU on various tools and instruments for rice and vegetable production.

11. **Accounting reports.** The PSU shall prepare and submit to IFAD the following financial reports generated by the accounting software: (i) quarterly consolidated interim financial reports (IFRs); and (ii) annual consolidated Financial Statements within three months after the end of the fiscal year. The financial reports will include at the minimum the following information: (i) sources and uses of funds by financing source and expenditure category; (ii) incurred expenditures by component and financing source; (iii) actual expenditures vs budgeted expenditures by financing source by component and category; (iv) designated account reconciliations; (v) Statement of Expenditures – Withdrawal Application Statement; and (vi) a fixed asset register.

12. **Auditing.**

- For the PSU of ROOTS, (i) the internal audit unit shall be appropriately staffed with qualified, experienced and trained staff; (ii) the internal auditor will be provided with a comprehensive TOR; and (iii) the internal audit reports will be shared with the PSU for management’s response before being finalized and submitted to CPCU and IFAD.

- The National Audit Office of the Gambia will be responsible for an annual financial audit for the Project financial statements in accordance with INTOSAI/ISSAI standards and IFAD guidelines with project audits. The terms of reference for the audit will be prepared by the project and cleared by IFAD.
on an annual basis. The auditors shall also prepare a Management Letter giving observations and comments on the internal control systems of the PSU as well as the implementing partners, and providing recommendations for improvements in accounting, records management systems, controls, compliance with financial covenants in the Financing Agreement and compliance with the previous year’s auditors’ recommendations. The audit report, including the management letter covering the audit observations on internal controls, will be submitted to IFAD within six months of the end of the fiscal year.

13. Monitoring and Evaluation. A robust and user-friendly planning, monitoring, evaluation, learning and communication system (PM&E) shall be established in line with the IFAD’s ORMS and GRIPS. This system shall include citizen engagement/ Third Party Monitoring (TPM) in order to involve beneficiaries and frontline actors in data collection and validation. Impacts will be evaluated against a baseline study, a mid-term evaluation and an ex post evaluation, which will use key indicators in line with the ORMS. This system shall also feed the GANAD used by other organizations. The PM&E system shall be developed to verify targeting performance and reflect gender and youth perspectives of impact. The Project PM&E organizational set up is aligned with the ROOTS institutional arrangement.

14. Knowledge management. The Project shall recruit one Capacity Development and Knowledge Management officer (CD/KM Officer). The CD/KM Officer shall be responsible for the capacity development, knowledge management and communication activities of ROOTS. Based on the needs and activities planned, the CD/KM officer shall develop each year an annual capacity-building plan. This plan will be fully part of the Project annual work plan and budget submitted for approval.

In the first year of ROOTS, a knowledge management framework will be developed with the support of a service provider. For external and internal communication, a Project website will be designed and operationalized and ROOTS will pay particular attention to the communication on cross-cutting themes promoted by the Project, such as social inclusion, gender mainstreaming, youth inclusion and adaptation to climate change.

15. Project Implementation Manual (PIM). The Borrower will finalize the development of the Programme Implementation Manual (PIM) for the Fund’s consideration and approval. The PIM will provide more details on roles and responsibilities of the Project and implementing parties to ensure full coordination among all partners involved in implementation, financial management and procurement requirements, include bank accounts and audit arrangements, M&E, reporting requirements, and other Government of the Gambia related documents and laws to ensure consistency with both IFAD and the Borrower’s norms. The PIM reflects IFAD’s no tolerance for Sexual Harassment (SH) / Sexual Exploitation and Abuse (SEA) in the Project.
Schedule 2

Allocation Table

1. Allocation of Loan and Grant Proceeds. (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each Category. All eligible expenditures belonging to the categories below will be apportioned on an 80:20 pari passu basis between the Loan Financing and the Grant Financing.

<table>
<thead>
<tr>
<th>Category</th>
<th>Grant Amount Allocated in USD</th>
<th>Loan Amount Allocated in USD</th>
<th>Percentage (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Consulting services</td>
<td>4 100 000</td>
<td>550 000</td>
<td>100% net of other donor contributions</td>
</tr>
<tr>
<td>II. Goods &amp; Inputs</td>
<td>4 150 000</td>
<td>935 000</td>
<td>100% net of taxes and other donor contributions</td>
</tr>
<tr>
<td>III. Works</td>
<td>1 160 000</td>
<td>290 000</td>
<td>100% net of taxes and other donor contributions</td>
</tr>
<tr>
<td>IV. Grants &amp; Subsidies</td>
<td>4 010 000</td>
<td>1 390 000</td>
<td>100% net of taxes and other donor and beneficiaries contributions</td>
</tr>
<tr>
<td>V. Salaries &amp; allowances</td>
<td>1 900 000</td>
<td>35 000</td>
<td>100% net of other donor contribution</td>
</tr>
<tr>
<td>VI. FIPS</td>
<td></td>
<td></td>
<td>700 000</td>
</tr>
<tr>
<td>Unallocated</td>
<td>1 700 000</td>
<td>355 000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17 020 000</td>
<td>4 255 000</td>
<td></td>
</tr>
</tbody>
</table>

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

i. Category I. includes expenditures related to National Technical Assistance, International Technical Assistance, Studies and Trainings & Workshops;

ii. Category II. includes expenditures related to Equipment & Materials and Vehicles;

iii. Category V. includes expenditures related to Operating Costs

2. Procurement Arrangements. The procurement of goods, works and services under the Project shall be conducted in accordance with the provisions of IFAD’s Project Procurement Guidelines and Procurement Handbook as well as with the operational procedures and any other measures identified by IFAD.
Appendix I

Schedule 3

Special Covenants

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

1. Within 3 months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD’s requirements.

2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.

3. Planning, Monitoring and Evaluation. The Borrower/Recipient shall ensure that: a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.

4. Land tenure security. The Borrower/Recipient shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.

5. Compliance with the Social Environmental and Climate Assessment Procedures (SECAP). The Borrower/Recipient shall ensure that the Project will be implemented in compliance with IFAD’s SECAP and more specifically that the following measures shall be taken:

   Environment and Social Safeguards. The Borrower/Recipient shall ensure that: (a) all Project activities are implemented in strict conformity with the Borrower/Recipient’s relevant laws/regulations; (b) all Project activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD’s Policy on Indigenous Peoples (2009), as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Project. In the event of unforeseen land acquisition or involuntary resettlement under the Project, the Borrower/Recipient shall immediately inform the Fund and prepare the necessary planning documents; (d) women and men shall be paid equal remuneration for work of equal value under the Project; (e) recourse to child labour is not made under the Project; (f) the measures included in the Gender Action Plan prepared for the Project are undertaken, and the resources needed for their implementation are made available, in a timely manner; and (g) all necessary and appropriate measures to implement the Gender Action Plan to ensure that women can participate and benefit equitably under the Project are duly taken.

6. Anticorruption Measures. The Borrower/Recipient shall comply with IFAD’s Policy on Preventing Fraud and Corruption in its Activities and Operations. All Project staff shall be trained on IFAD’s anticorruption policies and prove of such training shall be provided to IFAD. As soon as cofinancing from other donors materializes, additional anticorruption measures may be agreed to between the Parties.
7. Sexual Harassment, Sexual Exploitation and Abuse. The Borrower/Recipient and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

8. Use of Project Vehicles and Other Equipment. The Borrower/Recipient shall ensure that:
   
   (a) all vehicles and other equipment procured under the Project are allocated to the Project and other Implementing Agencies;
   
   (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
   
   (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.
## Logical framework

### Results hierarchy

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td><strong>Baseline</strong></td>
<td><strong>Mid-term</strong></td>
</tr>
<tr>
<td><strong>Outreach</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Estimated corresponding total number of households members – C.I. 1.b</td>
<td>0</td>
<td>270,000</td>
</tr>
<tr>
<td>2. Corresponding number of households reached – C.I. 1.a</td>
<td>0</td>
<td>30,000</td>
</tr>
<tr>
<td>3. Persons receiving services promoted or supported by the project (out of which 10% will be people with disabilities) – C.I. 1</td>
<td>0</td>
<td>30,000</td>
</tr>
</tbody>
</table>

### Goal

#### To improve food security, nutrition and smallholder farmers' resilience to climate change in The Gambia

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td><strong>Baseline</strong></td>
<td><strong>Mid-term</strong></td>
</tr>
<tr>
<td>4. Percentage of targeted households with improved food security</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>5. Number of people with greater resilience including people with Disabilities 5</td>
<td>0</td>
<td>20,000</td>
</tr>
</tbody>
</table>

### Project development objective

#### To increase agricultural productivity and access to markets for enhanced food security, nutrition and resilience of family farms and farmers organizations

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td><strong>Baseline</strong></td>
<td><strong>Mid-term</strong></td>
</tr>
<tr>
<td>6. Households reporting an improved access to markets and a 30% income increase (percentage)</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>7. Yields 6 (kg/ha)</td>
<td>1,600 (rice, non-SRI, (tidal) 9,600 (tomatoes) 14,400 (onions)</td>
<td>3,600 (rice, non-SRI, tidal) 12,600 (tomatoes) 19,800 (onions)</td>
</tr>
</tbody>
</table>

| % of ROOTS supported beneficiaries (smallholder farmers, processors and | 40% women 10% men 1% 80% women 20% men 10% disabled | Progress reports | Periodic, Annual | PSU |

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3 To be disaggregated by gender and youth for all "people related" indicators.

4 Target 80% for women and 25% for youth

5 Target 80% for women and 25% for youth

6 For the results framework, only tidal (non-SRI) rice, tomatoes and onions (dry season) are used. The M&E system will track all other PDO-level yield indicators (rainfed lowland rice, SRI rice in tidal systems, cabbage, chili pepper etc.) as described in the M&E manual.
<table>
<thead>
<tr>
<th>Results hierarchy</th>
<th>Indicators&lt;sup&gt;3&lt;/sup&gt;</th>
<th>Means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1.1: Natural resources are sustainably managed for rice and vegetable production</strong></td>
<td>8. Number of persons/households reporting adoption of new/improved inputs, technologies or practices - C.I.1.1.2</td>
<td>Progress reports</td>
<td>No major natural disaster affects the Project Area</td>
</tr>
<tr>
<td></td>
<td>9. Number of hectares of farmland under water-related infrastructure constructed/rehabilitated (by type) - C.I.1.1.3</td>
<td>Progress reports</td>
<td>Suitable construction companies available</td>
</tr>
<tr>
<td></td>
<td>10. Number of upgraded women-led vegetable gardens (consolidated and new)</td>
<td>Progress reports</td>
<td>Sufficient gardens meeting upgrading criteria</td>
</tr>
<tr>
<td></td>
<td>11. Number of persons trained in production practices and/or technologies (disaggregated by % gender and % youth) - C.I. 1.1.4</td>
<td>Progress reports</td>
<td>Existing capacity to deliver FFS</td>
</tr>
<tr>
<td><strong>Output 1.2: Access to agricultural services is improved</strong></td>
<td>12. Number of rural producers accessing production inputs - C.I. 1.1.3</td>
<td>Progress reports</td>
<td>Availability of inputs</td>
</tr>
<tr>
<td></td>
<td>13. Number of jobs created (100% youth-led agricultural service businesses) - C.I. 2.2.1 along the targeted VCs- C.I. 2.2.3</td>
<td>Review Committee reports</td>
<td>Interested youth manage to secure their equity contribution</td>
</tr>
<tr>
<td></td>
<td>14. Number of jobs created (100% women-led agricultural service businesses) along the targeted VCs – C.I. 2.2.2</td>
<td>Review Committee reports</td>
<td>Interested women and women groups manage to secure their equity contribution</td>
</tr>
<tr>
<td><strong>Outcome 2: Inclusive commercial partnerships between Fos and buyers (through the public-private producers’ partnerships/4Ps) are established</strong></td>
<td>14. Number of farmers’ organizations engaged in formal partnerships or agribusiness agreements with public or private entities – (disaggregated by youth and gender led FOs) C.I. 2.2.3</td>
<td>Progress reports</td>
<td>Well-functioning AVIPs and effective collaboration with NACOFAG</td>
</tr>
</tbody>
</table>

<sup>3</sup> Including monetized value of household consumption.
<table>
<thead>
<tr>
<th>Results hierarchy</th>
<th>Indicators</th>
<th>Means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 2.1:</strong> women- and youth-based FIs are equipped with the knowledge and bargaining power to enter into inclusive and sustainable 4Ps</td>
<td>15. Number of effective agricultural value chain interaction platforms (AVIPs)</td>
<td>Baseline: 0</td>
<td>Progress reports</td>
</tr>
<tr>
<td></td>
<td>Mid-term: 6 (rice) 6 (vegetables)</td>
<td>End target: 6 (rice) 6 (vegetables)</td>
<td>Bi-annual</td>
</tr>
<tr>
<td></td>
<td>16. Number of market, processing or storage facilities constructed or rehabilitated – C.I. 2.1.</td>
<td>Baseline: 0</td>
<td>Progress reports</td>
</tr>
<tr>
<td></td>
<td>Mid-term: 2</td>
<td>End target: 4</td>
<td>Bi-annual</td>
</tr>
<tr>
<td><strong>Output 2.2:</strong> Viable and sustainable 4P business plans are designed and financed.</td>
<td>17. Number of SMEs engaged in 4Ps</td>
<td>Baseline: 0</td>
<td>Review Committee reports</td>
</tr>
<tr>
<td></td>
<td>Mid-term: 10</td>
<td>End target: 20</td>
<td>Annual</td>
</tr>
<tr>
<td><strong>Output 3.2</strong></td>
<td>18. Number of agricultural policy reforms and investment plan</td>
<td>Baseline: 0</td>
<td>Progress reports</td>
</tr>
<tr>
<td></td>
<td>Mid-term: 2</td>
<td>End target: 4</td>
<td>Annual</td>
</tr>
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