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Investing in rural people

## **President's report**

### **Proposed loan**

### **Republic of Ghana**

## **Emergency Support to Rural Livelihoods and Food Systems Exposed to COVID-19**

Project ID: 2000003387

#### **Note to Executive Board representatives**

##### Focal points:

##### Technical questions:

**Lisandro Martin**  
Regional Director  
West and Central Africa Division  
Tel.: +39 06 5459 2388  
e-mail: lisandro.martin@ifad.org

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

##### Dispatch of documentation:

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

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**For: Approval**

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### Project delivery team

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Regional Director:	Lisandro Martin
Country Director	Hani Abdelkader Elsadani Salem
Technical Lead:	Mylene Kherallah
Finance Officer:	Ebele Ikezogwo
Climate and Environment Specialist:	Rahul Antao
Legal Officer:	Itziar Garcia Villanueva

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## **Abbreviations and acronyms**

AWP/B	annual workplan and budget
ESRF	Emergency Support to Rural Livelihoods and Food Systems Exposed to COVID-19
FAO	Food and Agriculture Organization of the United Nations
FBO	farmer-based organization
GASIP	Ghana Agricultural Sector Investment Programme
M&E	monitoring and evaluation
MoFA	Ministry of Food and Agriculture
ORMS	Operational and Results Management System
PCU	project coordination unit
PFJ	Planting for Food and Jobs
REP	Rural Enterprises Programme
SDG	Sustainable Development Goal
SERRP	socio-economic response and recovery plan
WFP	World Food Programme

## Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
 Map compiled by IFAD | 02-07-2020

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	Republic of Ghana
<b>Executing agency:</b>	Ministry of Food and Agriculture
<b>Total project cost:</b>	US\$41.5 million
<b>Amount of IFAD loan:</b>	US\$20 million
<b>Terms of IFAD loan:</b>	50 per cent highly concessional and 50 per cent blend terms
<b>Cofinancier:</b>	World Food Programme (WFP)  Food and Agriculture Organization of the United Nations (FAO)  Government of Canada
<b>Amount of cofinancing:</b>	WFP: US\$2.0 million FAO: US\$0.4 million Government of Canada: US\$2.6 million
<b>Terms of cofinancing:</b>	The partners will implement their activities in parallel with the Emergency Support to Rural Livelihoods and Food Systems Exposed to COVID-19 (ESRF) initiative, will target the same geographical areas and will benefit the ESRF target group.
<b>Contribution of borrower/recipient:</b>	US\$5.2 million
<b>Contribution of beneficiaries:</b>	US\$11.2 million

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 55.

### I. Context

#### A. National context and rationale for IFAD involvement

##### National context

1. **COVID-19's impact on the IFAD target group.** Currently, Ghana is among the countries with the highest number of COVID-19 cases in Western Africa. The number of cases has grown rapidly from 2,014 cases on 1 May 2020 to 43,094 cases on 19 August 2020. The disease has spread to all regions of the country and has triggered an economic slowdown. The most recent estimate of the International Monetary Fund is that GDP growth will drop to 1.5 per cent for 2020, resulting in a decline in per capita income and an increase in poverty. The COVID-19 crisis began just when the planting season was starting. The increasing strain on the national budget and drop in revenue could reduce the planned investments in the agricultural sector, resulting in threats to crop production, food security and rural agribusiness linkages.
2. **Crop production.** The threat to crop production during the crisis and recovery period arises from: (i) the Government's budgetary constraints, which diminish its ability to support subsidy programmes for the poor; (ii) disruptions in agricultural input supply chains (seeds, fertilizers); (iii) disruptions in marketing linkages, limiting the timely sale of produce and causing cash shortages for smallholder families; (iv) limited access to extension services as a consequence of restrictions on public gatherings; and (v) external price shocks that are reducing the capacity of the market to offtake farmers' harvests.
3. **Food insecurity.** The possibility of food insecurity, nutrition deficiencies and hunger during the crisis and recovery period stems from: (i) the threat posed to the production of field crops and vegetables; (ii) the rise in food prices caused by artificial shortages and the closure and/or limitation of the maximum number of people allowed inside food outlets; and (iii) cash shortages that limit people's ability to purchase sufficient and nutritious food.
4. **Agribusiness.** Under the current circumstances, there is a risk that agribusinesses may be hesitant to develop or intensify their marketing linkages with smallholders owing to: (i) demand uncertainties resulting from the potential shift in consumers' dietary habits; (ii) potential reductions in output and profits due to the economic slowdown; and (iii) working capital shortages.
5. **Impact on IFAD projects.** IFAD supports two ongoing operations in Ghana: the Ghana Agricultural Sector Investment Programme (GASIP) and the Rural Enterprises Programme (REP). There is also a newly approved project, the Affordable Agricultural Financing for Resilient Rural Development Project, and another – Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience – is now at the concept stage. Most ongoing or upcoming IFAD-supported operations are focusing on developing value chain linkages between input suppliers, agribusinesses and targeted households. The current disruptions can weaken the position of all value chain stakeholders, make them risk-averse and diminish their ability to partner with the Fund, thus interfering with the progress of the above-mentioned operations.
6. **The Government's response to the crisis.** The Ministry of Food and Agriculture (MoFA) intends to supply and subsidize improved seeds and fertilizers to 1.2 million farmers through its Planting for Food and Jobs (PFJ) programme in order to support immediate crop production and mitigate food insecurity risks. Over the last few

years, the PFJ has made clear progress in increasing staple food production (e.g. rice, maize and soya) by supplying improved inputs, strengthening extension services and facilitating marketing linkages. Additionally, to mitigate the impact of the crisis on rural youth, MoFA plans to supply young producers with poultry and small ruminant production inputs (breeding stock, feed, medicines) through the Youth in Agriculture Programme.

### **Special aspects relating to IFAD's corporate mainstreaming priorities**

7. **Gender and social inclusion.** Since more women than men tend to engage in informal work and vulnerable forms of employment, they can potentially be left out of formal social protection measures targeted at workers. Quarantine measures can also put women at a heightened risk of violence in the home, since they are cut off from protection services and social networks. Census figures indicate that 3 per cent of the population of the country has some form of disability. Many persons with disabilities have specific underlying conditions that make COVID-19 more dangerous for them, and they may find it harder to keep active and healthy during the COVID-19 crisis, especially if they live in low-income households impacted by food insecurity and nutritional deficits.
8. **Youth.** The Government of Ghana defines "youth" as people from 15 to 35 years of age. The country has a youth bulge, with 57 per cent of the total population below the age of 25. The lack of employment opportunities in rural areas has resulted in an increase in youth migration from rural to urban areas, and COVID-19-related rural youth unemployment is likely to increase. At the same time, job losses in urban areas have triggered an inflow of unemployed youth from urban to rural areas, which is also likely to drive up rural unemployment levels.
9. **Nutrition.** Overall, 6.1 per cent of the population was undernourished in 2017. Loss of livelihoods and income as a consequence of COVID-19 and the limitation of access to fresh foods and food markets may reduce the intake of nutrient-rich foods. Under conditions of food insecurity, girls and women may reduce their intake of nutrient-rich foods and calories in order to leave more for boys and men. At the same time, the disruption of supply chains for nutrient-rich food and cash shortages can undermine people's nutritional status.
10. **Climate and environment.** The average annual temperature in Ghana has risen by 1.0° C since 1960. The number of hot days per year has increased by 13.2 per cent, while the number of hot nights per year has increased by 20 per cent. Experts have projected that rising temperatures will lower the yields of major staple crops. Delayed or diminished rains in Ghana's northern areas are likely to cause total crop failure approximately once every five years. Smallholder and subsistence farmers are particularly vulnerable, as they are more exposed to pest and disease outbreaks, droughts (especially in northern Ghana) and extreme weather events, which reduce production and increase food insecurity.

### **Rationale for IFAD involvement**

11. **A serious threat to crop production and food security and the risk of increased poverty.** The COVID-19 crisis has heightened the risk of poor harvests and the threat of food insecurity and poverty among vulnerable groups. The pandemic has also reduced the flow of remittances to rural areas, exacerbating cash shortages that can leave households without enough money to buy food. An International Food Policy Research Institute assessment indicates that household income losses resulting from the initial economic disruptions caused by COVID-19 are already substantial, ranging from 19.8 per cent for the poorest households to 29.8 per cent for the wealthiest. That assessment also estimates that income losses could cause around 3.8 million Ghanaians to become temporarily poor. Many vulnerable households will remain economically weakened over the next 6-12 months, and they will need support to recover, re-engage and restore their productive capacities and income levels.

12. **IFAD's deep concern about the well-being, livelihoods and food security of poor people.** IFAD has designed a response framework for channelling urgent support to Member States through the Rural Poor Stimulus Facility and by repurposing some funding, providing additional financing and organizing emergency operations. The Government of Ghana has already formulated a strategy for supporting rural households and has requested IFAD to support emergency operations to mitigate the threats to production and to the food security and livelihoods of the rural poor and persons with disabilities.
13. **Threat to the progress of other IFAD projects.** The crisis may make agribusinesses risk-averse and may lead them to reduce their contractual linkages with smallholders (e.g. for pre-financing crop production and buying produce). This situation can adversely impact smallholders' market participation and their access to finance, technology and support for institutional strengthening. This may hinder the progress of IFAD projects that are structured around developing, expanding and intensifying the commercial linkages between agribusinesses and target households.
14. **IFAD's capacity to provide a fast-track response.** IFAD is well placed to deliver fast-track responses to smallholders and vulnerable groups. IFAD has a proven track record in Ghana in building resilience and social cohesion in rural areas, promoting leadership and proactive roles for women and strengthening rural youth employment opportunities. IFAD leads the donors' agricultural coordination group and is in a strong position to pursue collaborative donor initiatives in complementary areas. The GASIP project coordination unit (PCU), which will also implement the Emergency Support to Rural Livelihoods and Food Systems Exposed to COVID-19 (ESRF), can capitalize on its existing network to fast-track ESRF implementation.
15. **Ownership and sustainability of results.** The ESRF will partner with the existing rural development programmes of MoFA, such as the PFJ initiative and the Youth in Agriculture Programme, to deliver crop inputs and small ruminants to the beneficiaries. It will also collaborate with other partners in implementing different project activities. For example, it will work with the World Food Programme (WFP) to implement cash transfer and nutrition support activities using existing WFP platforms. Building on the proven delivery mechanisms of existing projects/initiatives will enable the ESRF to achieve quick results by supporting existing solutions. These partnerships will also promote the ownership and sustainability of the results achieved.

## II. Project description

### A. Objectives, geographical area of intervention and target groups

16. **Goal.** The ESRF will help to protect the livelihoods and incomes and to build the resilience of the target groups suffering from the impacts of the COVID-19 pandemic and climate change.
17. **Objective.** The ESRF will mitigate the threats to production, food security and market access posed by the COVID-19 pandemic and climate change.
18. **Expected results.** The ESRF's expected results are: (i) targeted households will maintain or increase their production, food security and climate change resilience relative to their pre-COVID-19 situation; and (ii) targeted households will maintain or increase their market linkages, sales volumes and income levels from market participation relative to their pre-COVID-19 situation.
19. **Project duration.** The ESRF's duration is 18 months.
20. **Project outreach.** The ESRF will provide services to 50,000 direct beneficiaries in 25,000 households. The group of beneficiaries will include equal proportions of



women, men and youth. Persons with disabilities will constitute 5 per cent of the target group.

21. **Geographical area of intervention.** The ESRF will be implemented at the national level. Its national scope is consistent with the current spread of COVID-19 to almost all regions.
22. **Value chain support.** The ESRF will support investments mainly for maize, rice, soya bean, root and tuber, and small ruminant value chains. Its investments could be expanded to include other value chains, such as those for fruits and vegetables, based on local opportunities. Tree crops will be supported through extension work and marketing activities.
23. **Target groups.** The direct target group will comprise smallholders, youth, women and persons with disabilities. The smallholders included in this group will come from vulnerable semi-subsistence households that have up to 2 ha of cultivable land and that are at risk of a decline in production, food shortages and nutritional deficiencies as a result of the crisis. Some 50 per cent of the project target group will be composed of rural youth between 18 and 35 years of age and young people who are migrating back from urban areas to their villages because they have lost their jobs. Women, including women heads of household and young mothers with children under 5 years of age, will comprise 50 per cent of the target group. Disadvantaged persons with disabilities will comprise 5 per cent of the target group. This segment of the group will include persons with disabilities from the poorest families experiencing major difficulties in keeping active and healthy during the COVID-19 crisis.
24. **Targeting strategy.** The ESRF will select beneficiaries by applying a combination of geographical targeting, self-targeting and direct targeting mechanisms. Geographical targeting will be used to identify areas with a higher concentration of vulnerable groups and higher climate change vulnerabilities. In the GASIP areas, the beneficiaries of that ongoing programme have developed linkages to input suppliers and will be eligible for ESRF services other than crop input supplies. Self-targeting will involve restricting the extent of ESRF assistance to levels that are relevant and of interest only to poor target households. For example, the subsidy for inputs offered to households with a maximum of 2 ha of cultivable land will be too small to attract better-off farmers looking for larger support packages. Direct targeting will include cash transfers to vulnerable people such as women heads of household.

## **B. Components, outcomes and activities**

25. The project will have the following components: (i) protecting against hunger and building resilient livelihoods; (ii) safeguarding rural marketing linkages and food security.
 

**Component 1: Protecting against hunger and building resilient livelihoods**
26. This component will support the efforts of targeted households to maintain or increase their production levels, food security, defences against the COVID-19 pandemic and climate change resilience by providing access to quality agricultural inputs and ICT-driven extension services. It will make targeted households less vulnerable to the COVID-19 pandemic by reducing their food insecurity and nutritional deficiencies. It will also support income-generating activities aimed at increasing their cash flow and supporting diversified sources of food and nutrition.
27. **Subcomponent 1.1: Secured access to agricultural inputs and food.** This subcomponent will: (i) provide 35,000 beneficiaries with timely access to subsidized inputs, in collaboration with the Government's PFJ programme, to help them increase production levels; (ii) support 5,000 vulnerable beneficiaries, including persons with disabilities, with direct cash transfers and nutritional support, in collaboration with WFP, to overcome hunger and prevent nutritional

deficiencies; (iii) carry out market surveillance, in coordination with WFP in relevant districts, to ensure the smooth supply of food items at a fair price; (iv) help to prevent the spread of COVID-19 by disseminating awareness messages and supplying protective equipment; and (v) strengthen ICT-driven extension services to overcome the challenges posed to conventional extension services by the COVID-19 pandemic. These activities will be implemented in coordination with the Food and Agriculture Organization of the United Nations (FAO) early warning and market surveillance e-systems and e-extension initiatives and the support being provided by the Government of Canada to MoFA to strengthen its capacity to offer digital extension services.

28. **Subcomponent 1.2: Income-generating activities and diversification of the food and nutrient supply.** This subcomponent will support income-generating activities aimed at increasing the incomes and diversifying the sources of food and nutrition of targeted households. It will support 6,000 women and youth with subsidized breeding stock, inputs (feed, vaccines, etc.) and medicines for poultry and small ruminant production. The ESRF will coordinate the implementation of these activities with FAO's upcoming project on developing the resilience of smallholder farmers by diversifying their livelihoods into such activities as poultry and small ruminant production. These activities will also improve the nutritional status of target groups by increasing their protein intake.
29. The ESRF will also provide support for the participation of 1,750 women and youth in income-generating activities related to food processing, conservation and preservation (e.g. root and tuber processing). This support will be provided in coordination with WFP and will include training, capacity-building and the supply of small equipment (e.g. dryers, canners, blenders), as preserved food can easily be used as a supplementary source of nutrition during food crises. The ESRF will coordinate with FAO's upcoming project on household nutrition in response to COVID-19 to educate targeted households about healthy nutritional diets and backyard gardening. The ESRF will also collaborate with the Government of Canada's initiative to help MoFA to strengthen its capacity to support food preservation and conservation activities for smallholders.

**Component 2: Safeguarding rural marketing linkages and food security**

30. This component will provide support to help targeted households to maintain or increase their market linkages with other value chain actors. The ESRF will connect the target group up with a range of output marketing options and will also support the use of digital marketing platforms.
31. **Subcomponent 2.1: Support for output marketing linkages.** Under subcomponent 2.1, the National Food Buffer Stock Company, the Ghana Commodity Exchange and agribusinesses will be provided with an incentive in the form of working capital for use in buying surplus stock from 25,000 beneficiaries, including distressed smallholder producers of roots, tubers and tree crops who are facing marketing challenges. The ESRF will reimburse these marketing partners for 25 per cent of the amounts they pay to purchase surplus stock from ESRF target households. In coordination with WFP, the ESRF will facilitate output marketing agreements between beneficiaries and marketing partners, training and capacity-building for beneficiaries in relation to the use of production technologies and post-harvest practices needed to meet the product quality standards required by their marketing partners.
32. **Subcomponent 2.2: Support for digital marketing platforms.** The ESRF, in coordination with WFP, will help to build the digital marketing capacities of farmer-based organizations (FBOs), strengthen their self-reliance in conducting marketing activities and diversify their output markets. The ESRF will partner with existing digital marketing platforms to support capacity-building for farmers and their integration into existing marketing platforms. The ESRF activities in this

connection will be limited to providing targeted households with introductory exposure to digital marketing initiatives, however. Then, based on the interest and initiative demonstrated by targeted households, future IFAD project(s) will provide follow-up support to strengthen these achievements. The ESRF will collaborate with the Government of Canada's ongoing programme for strengthening MoFA's capacity to support digital marketing opportunities for farmers and farmers' organizations.

### C. Theory of change

33. Component 1 will support crop and livestock input supply, ICT-driven extension services, cash transfers, food rations delivery, COVID-19-related awareness campaigns, supplies of personal protective equipment and income-generating activities. These activities will help targeted households to maintain or increase their production, food security and defences against COVID-19. Component 2 will support crop marketing, income assurance and access to digital marketing platforms, which will improve the beneficiaries' market linkages. The outputs of the two components will support progress towards the ESRF's objective of mitigating the threats to production, food security, market access and health posed by the COVID-19 pandemic and climate change.

### D. Alignment, ownership and partnerships

34. **Alignment and ownership.** The ESRF is aligned with Sustainable Development Goal (SDG) 1 (no poverty), SDG 2 (zero hunger) and SDG 5 (gender equality), the development strategies of the Government of Ghana and IFAD's Strategic Framework 2016-2025. The project interventions will help sustain gains made under the current and previous country strategic opportunities programmes with Ghana. The ESRF will also dovetail with the Government's agricultural plan in response to COVID-19, which spans the period from June 2020 to December 2021. In addition, the ESRF will build on United Nations crisis response mechanisms, including the United Nations Country Team COVID-19 Strategic Preparedness and Response Plan and the socio-economic response and recovery plan (SERRP) for Ghana. More specifically, the ESRF aligns with the proposed SERRP pillar 2 (protecting people, social protection and basic services) and pillar 3 (protecting jobs and economic recovery) of the plan.
35. **Synergies and partnerships.** The ESRF will partner with MoFA's PFJ programme to supply subsidized inputs and purchases of surplus produce from beneficiaries. Further, it will coordinate with WFP to carry out cash transfer activities, provide nutrition support to the target group, conduct output marketing surveillance, support income-generating activities, promote smallholders' output marketing linkages and build FBO digital marketing capacity. The ESRF will also coordinate with upcoming FAO projects on market surveillance, e-extension development, smallholder livelihood diversification, backyard gardening and nutrition education. Additionally, the ESRF will coordinate with the Government of Canada's initiative to provide support to MoFA for its efforts to strengthen digital extension services, food preservation and conservation activities, and digital marketing opportunities for FBOs.

### E. Costs, benefits and financing

36. **Project costs:** The total cost of the ESRF is estimated at US\$41.5 million. Component 1, "Protecting against hunger and building resilient livelihoods", will require US\$33.7 million (81.0 per cent), while component 2, "Safeguarding rural marketing linkages and food security", will account for US\$7.1 million (17.2 per cent). Component 3, "Project management, monitoring and evaluation", is budgeted at US\$0.7 million (1.8 per cent).

Table 1

**Project cost by component, subcomponent and financier**

(Millions of United States dollars)

<i>Component/subcomponent</i>	<i>IFAD</i>		<i>WFP</i>		<i>FAO</i>		<i>Government of Canada</i>		<i>Government of Ghana</i>		<i>Beneficiaries</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<b>1. Protecting against hunger and building resilient livelihoods</b>														
1.1. Secured access to agricultural inputs and food supply	13 828	54.8	1 766	7.0	210	0.8	1 424	5.6	139	0.6	7 887	31.2	25 254	60.8
1.2. Income-generating activities and diversification of food and nutrition supply	3 808	45.2	200	2.4	206	2.4	417	4.9	450	5.3	3 349	39.7	8 430	20.3
<b>Subtotal</b>	<b>17 636</b>	<b>52.4</b>	<b>1 965</b>	<b>5.8</b>	<b>416</b>	<b>1.2</b>	<b>1 841</b>	<b>5.5</b>	<b>590</b>	<b>1.8</b>	<b>11 236</b>	<b>33.4</b>	<b>33 683</b>	<b>81.0</b>
<b>2. Safeguarding rural marketing linkages and food security</b>														
2.1. Support for output marketing linkages	1 543	25.4	48	0.8	-	-	-	-	4 492	73.8	-	-	6 083	14.6
2.2. Support for digital marketing platforms	136	12.9	9	0.9	-	-	803	76.3	105	10.0	-	-	1 053	2.5
<b>Subtotal</b>	<b>1 679</b>	<b>23.5</b>	<b>57</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>803</b>	<b>11.3</b>	<b>4 597</b>	<b>64.4</b>	<b>-</b>	<b>-</b>	<b>7 136</b>	<b>17.2</b>
<b>3. Project management, and monitoring and evaluation (M&amp;E)</b>														
3.1. Coordination and M&E	685	92.2	-	-	-	-	-	-	58	7.8	-	-	743	1.8
<b>Total project costs</b>	<b>20 000</b>	<b>48.1</b>	<b>2 022</b>	<b>4.9</b>	<b>416</b>	<b>1.0</b>	<b>2 644</b>	<b>6.4</b>	<b>5 245</b>	<b>12.6</b>	<b>11 236</b>	<b>27.0</b>	<b>41 562</b>	<b>100.0</b>

Table 2

**Project costs by expenditure category and financier**

(Millions of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>		<i>WFP</i>		<i>FAO</i>		<i>Government of Canada</i>		<i>Government of Ghana</i>		<i>Beneficiaries</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<b>I. Investment costs</b>														
A. Equipment and materials														
Equipment	-	-	40	16.5	-	-	168	69.4	34	14.1	-	-	243	0.6
Goods	1 496	25.0	-	-	-	-	-	-	4 487	75.0	-	-	5 983	14.4
<b>Subtotal (equipment and materials)</b>	<b>1 496</b>	<b>24.0</b>	<b>40</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>2.7</b>	<b>4 521</b>	<b>72.6</b>	<b>-</b>	<b>-</b>	<b>6 225</b>	<b>15.0</b>
<b>B. Agricultural inputs and produce</b>	<b>15 059</b>	<b>55.8</b>	<b>200</b>	<b>0.7</b>	<b>101</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>1.4</b>	<b>11 236</b>	<b>41.6</b>	<b>26 979</b>	<b>64.9</b>
C. Services														
National technical assistance	1 434	32.9	178	4.1	210	4.8	2 263	51.9	277	6.4	-	-	4 362	10.5
Training	91	20.4	-	-	105	23.5	212	47.4	39	8.8	-	-	447	1.1
Workshops	68	95.0	-	-	-	-	-	-	4	5.0	-	-	72	0.2
Consultancies	73	90.0	-	-	-	-	-	-	8	10.0	-	-	81	0.2
<b>Subtotal services</b>	<b>1 666</b>	<b>33.6</b>	<b>178</b>	<b>3.6</b>	<b>315</b>	<b>6.3</b>	<b>2 475</b>	<b>49.9</b>	<b>328</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>4 962</b>	<b>11.9</b>
D. Social and financial support to households														
Grants	1 506	48.4	1 604	51.6	-	-	-	-	-	-	-	-	3 110	7.5
<b>Total investment costs</b>	<b>19 726</b>	<b>47.8</b>	<b>2 022</b>	<b>4.9</b>	<b>416</b>	<b>1.0</b>	<b>2 644</b>	<b>6.4</b>	<b>5 233</b>	<b>12.7</b>	<b>11 236</b>	<b>27.2</b>	<b>41 276</b>	<b>99.3</b>
<b>II. Recurrent costs</b>														
A. Salaries	181	100.0	-	-	-	-	-	-	-	-	-	-	181	0.4
B. Operation and maintenance	93	88.7	-	-	-	-	-	-	12	11.3	-	-	105	0.3
<b>Total recurrent costs</b>	<b>274</b>	<b>95.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>4.2</b>	<b>-</b>	<b>-</b>	<b>286</b>	<b>0.7</b>
<b>Total project costs</b>	<b>20 000</b>	<b>48.1</b>	<b>2 022</b>	<b>4.9</b>	<b>416</b>	<b>1.0</b>	<b>2 644</b>	<b>6.4</b>	<b>5 245</b>	<b>12.6</b>	<b>11 236</b>	<b>27.0</b>	<b>41 562</b>	<b>100.0</b>

Table 3

**Project cost by component, subcomponent and project year**

(Millions of United States dollars)

<i>Component/subcomponent</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>Total</i>
<b>1. Protecting against hunger and building resilient livelihoods</b>				
1.1. Secured access to agricultural inputs and food supply	23 085	1 982	186	25 254
1.2. Income-generating activities and diversification of food and nutrition supply	3 916	4 514	-	8 430
<b>Subtotal</b>	<b>27 001</b>	<b>6 496</b>	<b>186</b>	<b>33 683</b>
<b>2. Safeguarding rural marketing linkages and food security</b>				
2.1. Support for output marketing linkages	4 835	1 248	-	6 083
2.2. Support for digital marketing platforms	375	422	255	1 053
<b>Subtotal</b>	<b>5 210</b>	<b>1 670</b>	<b>255</b>	<b>7 136</b>
<b>3. Project management, and monitoring and evaluation</b>				
3.1. Coordination and M&E	-	137	606	743
<b>Subtotal</b>	<b>-</b>	<b>137</b>	<b>606</b>	<b>743</b>
<b>Total project costs</b>	<b>32 211</b>	<b>8 303</b>	<b>1 048</b>	<b>41 562</b>

37. **Financing and cofinancing strategy and plan.** The IFAD loan will cover US\$20 million of the cost, the Government of Ghana will finance US\$5.24 million through taxes, duty exemptions and cash contributions, and beneficiaries will provide US\$11.2 million in the form of in-kind and cash contributions. The Government had originally requested US\$32 million from IFAD, but this sum was later revised on the basis of subsequent discussions with the Government and a review of the planned pipeline.
38. Additionally, US\$2 million in cofinancing will be provided by WFP, US\$0.4 million by FAO and US\$2.6 million by the Government of Canada. These development partners will implement their activities in parallel in the same geographical areas for the benefit of the ESRF target group. FAO, WFP and the Government of Canada have provided confirmation of their cofinancing arrangements. All of the above will take the form of parallel cash financing under projects that are ongoing or under design.
39. **Disbursement.** Out of the total project cost, equipment and materials account for US\$6.2 million (15 per cent); agricultural inputs and produce are valued at US\$27.0 million (65 per cent); services (national technical assistance, training, workshops and consultancies) represent US\$5.0 million (12 per cent); and grants to households correspond to US\$3.1 million (7 per cent). Total recurrent costs of US\$0.3 million represent 0.7 per cent. The project will submit the projected expenditures for a six-month period for the initial withdrawal of funds from the loan. Subsequent withdrawals will be based on net cash requirements. The project will use a cash-based accounting methodology and will submit quarterly interim financial reports on the sources and uses of project funds.
40. **Exit strategy and sustainability.** The ESRF exit strategy and sustainability are based on three main pillars. First, it will develop strong implementation-level linkages with ongoing and upcoming IFAD projects to ensure the smooth integration of ESRF achievements into the outreach framework of the other IFAD projects. Second, the emergency goods and services to be supplied by the ESRF will be routed through commercial channels in order to develop the capacity for these arrangements to operate on their own if they are needed in the future. Third, the ESRF will work to ensure a high level of outreach for the digital extension and digital marketing services, which will be likely to produce positive results even after the end of the project.

### III. Risks

#### A. Risks and mitigation measures

41. Key project risks and mitigation measures are presented below.

Table 4

**Risks and mitigation measures**

<i>Category</i>	<i>Inherent risk</i>	<i>Residual risk</i>	<i>Mitigation measures</i>
<b>Country context</b>			
COVID-19 uncertainties may prompt market actors to engage in profiteering that would trigger an artificial food crisis and a high rate of inflation in food prices.	Substantial	Moderate	Market surveillance (availability, prices) in project areas
The budgetary constraints that diminish the Government's ability to support subsidy programmes for the poor could cause food insecurity, especially among the very poor.	Substantial	Moderate	Support for crop and small ruminant production, food processing/preservation activities and cash transfers to vulnerable groups
COVID-19 infections may spread during project activities.	High	Substantial	Strict hygiene and sanitization protocols, physical distancing, use of personal protective equipment, digital extension facilitation
<b>Environment and climate context</b>			
Climate change may negatively impact agricultural productivity in project areas.	High	Substantial	Distribution of drought-resilient, pest-resistant seed varieties
<b>Project scope</b>			
There is a risk of elite capture.	Substantial	Substantial	The use of self-, geographical and direct targeting measures to identify vulnerable groups and poor households
<b>Procurement</b>			
A lack of capacity or a failure to adhere to IFAD guidelines may result in a weak regulatory framework and delays.	Substantial	Moderate	Specific training, use of consultancy services to support activities implementation
<b>Financial management</b>			
An insufficient flow of funds and disbursement challenges (especially in the case of counterpart funding) could be exacerbated by the short implementation period. Weaknesses have been identified in internal auditing procedures, including the continuing lack of an internal audit report.	Substantial	Moderate	The limitation of government counterpart funding to tax exemptions and activities with existing allocation, such as buying produce from farmers; making the submission of an internal audit report by MoFA a condition for disbursement
<b>Overall</b>	Substantial	Moderate	

#### B. Environmental and social category

42. Based on an assessment of the main environmental and social issues in the project area and the identification of (positive and negative) social concerns likely to be associated with the ESRF, it has been classified as an environmental and social category B operation. There is no risk of any significant negative impact. Nevertheless, some light mitigation measures will be implemented for input use and farming systems under COVID-19.

#### C. Climate risk classification

43. A significant portion of the project's beneficiaries are located in northern Ghana, where the impact of climate change is high. In line with the Social, Environmental and Climate Assessment Procedures of IFAD, the project's climate risk classification has been deemed to be high. To mitigate this risk, given that the project focus is primarily on input distribution, it is recommended that steps be taken to ensure that the seeds to be distributed are climate-resilient and pest-resistant and that they correspond to highly nutritious varieties of the plants concerned. Similarly, organic fertilizers and crop protection inputs are recommended.

## **D. Debt sustainability**

44. In December 2019, the International Monetary Fund and World Bank jointly assessed Ghana's overall risk of debt distress as high in view of its high external debt service-to-exports and external debt service-to-revenue ratios. Ghana's external public debt amounted to an estimated 32 per cent of GDP at end-2019, and the country is at risk of external debt distress owing to its increasingly non-concessional borrowings from multilateral creditors, bilateral creditors and lenders on the international market, as well as COVID-19-related fiscal impacts.

## **IV. Implementation**

### **A. Organizational framework**

#### **Project management and coordination**

45. The GASIP PCU will implement the ESRF. The PCU is experienced in implementing national projects, organizing the supply of inputs for crop production and coordinating with FBOs and agribusinesses. The PCU works in close coordination with the MoFA and relevant agricultural departments at the regional and district levels. All staff positions are already filled and operational. The PCU has vehicles, equipment and office space to support the ESRF. GASIP performance received a rating of 4 on its two key supervision and implementation support indicators during the last supervision mission.

#### **Financial management, procurement and governance**

46. The project's financial management risk is rated as substantial. GASIP's finance unit, headed by the finance manager and supported by three accountants, will be responsible for the day-to-day fiduciary functions of the ESRF. An assessment done in May 2020 found the capacity of the GASIP finance unit to be satisfactory. Ghana Audit Service will carry out the annual external audits. The ESRF will submit annual audited financial statements to IFAD within six months of the end of the Government of Ghana's fiscal year (31 December).
47. The PCU will follow advance contracting procedures to ensure that beneficiaries receive timely support, including the inputs they need in time for the planting season. ESRF procurement procedures will follow IFAD's Project Procurement Guidelines. The project will be subject to the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations of December 2018. The MoFA will be the Government's lead agency and will be responsible for oversight of the ESRF. GASIP's national programme steering committee will be responsible for the ESRF's overall governance and strategic direction.

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

48. The ESRF will use the annual workplan and budget (AWP/B) as its primary planning tool. ESRF progress and performance will be measured against AWP/B targets and periodic impact assessments. Baseline information will be collected from GASIP baseline surveys in project areas. A results-based approach will be adopted through the M&E system. The Operational Results Management System will be incorporated into the M&E system to monitor the different programme indicators. Key M&E activities will include quarterly, semi-annual and annual progress reports, a beneficiaries' database, outcome studies and a project completion survey.
49. Knowledge management and learning will be addressed in coordination with implementation partners, i.e. the Government, WFP, FAO and the Government of Canada, on a basis of shared responsibility. Success stories, beneficiary testimonials and lessons learned will be captured in the regular progress reports and in separate bulletins where necessary. Knowledge management and lessons learned will be part of the agenda of the review meetings held with financing partners. The items identified for dissemination on a larger scale will be given

visibility through GASIP, MoFA and other financing partners' knowledge management structures.

### **C. Implementation plans**

#### **Implementation readiness and start-up plans**

50. The GASIP PCU, which will be responsible for ESRF implementation, is already active, fully staffed, well resourced and networked with government departments, private sector actors, FBOs and community representatives across the country. In coordination with IFAD, the PCU will immediately embark on beneficiary identification routines. The PCU will engage with the National Food Buffer Stock Company, the Ghana Commodity Exchange and agribusinesses to develop a surplus produce purchasing plan for ESRF beneficiaries. The PCU will also enter into partnership discussions with local digital extension and marketing platforms. The cash transfer activities will be implemented in coordination with WFP in the geographical areas where WFP nutrition activities are being implemented. The cash transfers will be managed using SCOPE, which is the WFP corporate digital beneficiary information and transfer management platform. WFP will provide specialized supplies of nutritious food and other fortified foodstuffs to those cash transfer beneficiary households that are also enrolled in WFP's nutrition programme through the WFP voucher distribution system.

#### **Supervision, midterm review and completion plans**

51. The ESRF will be supervised directly by IFAD. One supervision mission and one follow-up mission will be undertaken. An implementation support mission will be conducted soon after start-up. Given that 73 per cent of IFAD's US\$20 million loan will be spent on input subsidies and cash transfers, the fiduciary duty of care necessitates careful monitoring of recipient identities and documentation of proof of delivery to the thousands of direct beneficiaries. Financial management supervision missions will therefore have a strong anti-fraud focus and will provide for continual monitoring of the matching grant mechanism and seed/fertilizer utilization, as was done in the February 2020 mission. The MoFA, as the lead project agency, will organize the project completion review and will submit the report to the Fund after the project completion date but no later than the financing closing date.

### **V. Legal instruments and authority**

52. A project financing agreement between the Government of Ghana 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.
53. The Government of Ghana is empowered under its laws to receive financing from IFAD.
54. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

### **VI. Recommendation**

55. 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 fifty per cent highly concessional and fifty per cent blend terms to the Republic of Ghana in the amount of twenty million United States dollars (US\$20 million) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President



## **Negotiated financing agreement**

### **"Emergency Support to Rural livelihoods and Food systems exposed to COVID-19 (ESRF)"**

(Negotiations concluded on 11 September 2020)

Loan No:

Loan No:

Project name: Emergency Support to Rural livelihoods and Food systems exposed to COVID-19 ("the ESRF/ the Project")

Republic of Ghana (the "Borrower"), represented by the Ministry of Finance

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

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

**WHEREAS** the Borrower has requested two loans from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

**WHEREAS**, 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 Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. 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 two Loans (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

#### **Section B**

1. The amount of the Loan eligible for highly concessional terms is ten million United States dollars (USD 10 000 000).

2. The amount of the Loan eligible for blend terms is ten million United States dollars (USD 10 000 000).
3. The Loan granted on highly concessional terms shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Financing by the Fund's Executive Board. The rate is fixed for the life of the loan based on the related service charge in force at the time of approval of the Loan. The Loan is 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.
4. The Loan granted on blend terms shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the loan and payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty-five (25) years, including a grace period of five (5) years starting from the date of approval of the Loan by the Fund's Executive Board.
5. The Loan Service Payment Currency shall be in United States Dollars (USD).
6. The first day of the applicable Fiscal Year shall be the first of January.
7. Payments of principal and service charge shall be payable on each 31 January and 31 July.
8. There shall be a Designated Account in United States dollars, for the exclusive use of the Project opened in the Central Bank of Ghana, which will receive the Financing. Funds shall be periodically transferred from the Designated Account to the Project Operational Account for the purpose of financing the Project's eligible expenditures financed by IFAD. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
9. The Borrower will provide counterpart financing for the Project in the amount of approximately US\$ 5.3 million, that includes taxes and duties exemptions as well as payments for purchase of surplus crop from target households through existing government channels.

### **Section C**

1. The Lead Project Implementing Agency shall be the Ministry of Food and Agriculture (MoFA).
2. The following are designated as additional Project implementing Partners: the World Food Programme (WFP), the Food and Agriculture Organisation of the United Nations (FAO) the Government of Canada (GoC), the Ministry of Health (MoH), the Ministry of Gender, Children and Social Protection (MoGCSP) and the Ministry of Local Government and Rural Development (MLGRD).
3. The Project Completion Date shall be the 18 month 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.

4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the procurement section of the Project Implementation Manual (PIM), as approved internally and shared by the Parties during negotiations, or any amendments of such PIM provided that such amendment has received IFAD no objection as well as the Borrower's procurement laws, to the extent such are consistent with the IFAD Procurement Guidelines.

#### **Section D**

1. The Fund will administer the Financing and supervise the Project, and the Borrower 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: the 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, has determined that it has had, or is likely to have, a material adverse effect on the Project.

2. The following is designated as an additional general conditions precedent to withdrawal: IFAD no objection to the change in the Project Coordinator, Finance Manager or the Procurement Manager shall have been obtained.

3. This Agreement is subject to ratification by the Borrower.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Republic of Ghana:

Chief Director  
Ministry of Finance  
Finance Drive, Accra  
PO Box MB 40  
Accra  
Republic of Ghana

For the Fund:

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.

REPUBLIC OF GHANA

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 ESRF will provide services directly to 50,000 smallholder beneficiaries from 25,000 households. The beneficiaries will include an equal proportion of women, men and youth. Persons with disabilities will constitute 5 percent of the target group. Smallholders will consist of vulnerable semi-subsistence households who have up to 2ha cultivable land, and risk a decline in production, food shortages and nutrition deficiency due to the COVID-19 crisis. Geographical targeting will be used to identify areas with a higher concentration of vulnerable groups and higher climate change vulnerabilities as well as those hardest hit by the COVID-19 crisis. In the GASIP areas, the project beneficiaries have developed linkages to input suppliers through GASIP's activities. They will be eligible for ESRF services other than crop inputs supply. Self-targeting will involve restricting the size of the ESRF assistance to levels that are relevant and of interest only to targeted poor households. For example; inputs supply (seed at 80 percent and fertilizer at 50 percent) subsidy to households with maximum 2ha cultivable land. Cash transfers will be restricted to vulnerable people such as women headed households. ESRF will support investments mainly for maize, rice, soya beans, roots and tubers, small ruminants and poultry value chains. Its investments could expand to other value chains, such as fruits and vegetables, based on local opportunities. Tree crops will be supported through extension work and marketing activities.

2. *Project area.* The ESRF will be implemented at the national level (the "Project Area").

3. *Goal.* The ESRF will contribute to protecting the livelihoods, incomes, and resilience of the target groups suffering from the impacts of the COVID-19 pandemic and climate change.

4. *Objective.* The ESRF will mitigate the threats to production, food security and market access posed by COVID-19 pandemic and climate change.

5. *Components.* The Project shall consist of the following Components: (i) Protect against hunger and build resilient livelihoods; (ii) Safeguard rural marketing linkages and food security.

5.1. Component 1: Protect against hunger and build resilient livelihoods. This component will support the efforts of targeted households to maintain or increase their production, food security, defence against COVID-19 pandemic and climate change resilience through access to quality agricultural inputs, and ICT driven extension services. It will reduce targeted households' vulnerability to COVID-19 pandemic by reducing food insecurity and nutrition deficiency. It will also support income generation activities aimed at increasing cash flows and supporting diversified sources of food and nutrition.

5.1.1. *Subcomponent (SC) 1.1:* Secured access to agricultural inputs and food supply. SC 1.1 will: i) provide 35,000 beneficiaries with timely access to subsidised inputs in collaboration with the GoG's Planting for Food and Jobs (PFJ) programme to increase production; ii) support 5,000 vulnerable beneficiaries, including people with disabilities with direct cash transfers and nutritional support, in collaboration with WFP, to overcome hunger and prevent nutritional gaps; iii) carry out market surveillance, in coordination with

WFP in relevant districts, to improve the smooth supply of food items at a fair price; iv) strengthen ICT driven extension services to overcome the challenges to conventional extension services caused by COVID-19. These activities will be implemented in coordination with the Food and Agriculture Organization's (FAO) e-systems for early warning, market surveillance and e-extension initiatives and the Government of Canada's (GoC) support to MoFA to strengthen MoFA's capacity to offer digital extension services; and v) contribute to preventing the spread of COVID-19 through awareness messages and supply of protective equipment.

5.1.2. *Subcomponent 1.2*: Income generation activities and diversification of food and nutrition supply. SC 1.2 will support income generation activities; it will increase the income and diversify the sources of food and nutrition of targeted households. It will support 6,000 women and youth with subsidised breeding stock, inputs (feed, vaccine, etc.) and medicines for poultry and small ruminants' production. The ESRF will coordinate the implementation of these activities with FAO's upcoming project on developing the resilience of smallholder farmers by diversifying their livelihoods through activities such as poultry and small ruminants' production. These activities will also improve the food nutritional quality of target groups through increased protein intake.

The ESRF will also support 1,750 women and youth with food processing, conservation and preservation-based income-generating activities including roots and tubers processing. The support will be implemented in coordination with WFP and will include training, capacity building and small equipment supply (e.g. dryer, canner, blender). Preserved food can easily be used as supplementary resources of nutrition during situations of food crisis. The ESRF will also coordinate with FAO's upcoming project on household nutrition response to COVID-19 for educating targeted households on healthy nutrition and backyard gardening. Likewise, the ESRF will collaborate with the GoC support to MoFA to strengthen MoFA's capacity to support food preservation and conservation activities for smallholders.

5.2. Component 2: Safeguard rural marketing linkages and food security. This component will support the targeted households to maintain or increase their market linkages with other value chain actors. The ESRF will link the target group to a range of output marketing options and will also support the use of digital marketing platforms.

5.2.1. *Subcomponent 2.1*: Support to output marketing linkages. SC2.1 will provide National Food Buffer Stock Company (NAFCO), the Ghana Commodity Exchange (GCX) and agribusinesses with a working capital stimulus for buying surplus stock from 25,000 beneficiaries including distressed smallholders facing marketing challenges related to roots, tubers and tree crops. The ESRF will reimburse these marketing partners with 25 per cent of amounts paid to the ESRF target households for purchasing surplus stock. ESRF in coordination with WFP will facilitate output marketing agreements between beneficiaries and marketing partners, training and capacity building of beneficiaries on production technologies and post-harvest practices needed to meet the product quality standards required by the marketing partners.

5.2.2. *Subcomponent 2.2*: Support digital marketing platforms. The ESRF, in coordination with WFP, will develop the Farmers Based Organizations (FBO)'s capacities on digital marketing, strengthen their marketing self-reliance and diversify their output markets. The ESRF will partner with existing digital marketing platforms to support farmers capacity building and integration in these existing marketing platforms. The ESRF will only provide introductory exposure to the targeted households on digital marketing initiatives. Based on the interest and the initiatives demonstrated by targeted households, future IFAD

project(s) will provide follow-up support to strengthen these achievements. The ESRF will collaborate with the GoC ongoing programme to strengthen MoFA's capacity to support digital marketing opportunities for farmers and farmers' organisations.

## II. Implementation Arrangements

### A. Organisation and Management

6. *Lead Project Implementation Agency (LPIA)*. The LPIA shall be the Ministry of Food and Agriculture (MoFA).

7. *Project Steering Committee (PSC)*.

7.1. *Establishment and Composition*. GASIP's Programme Steering Committee will also be responsible for ESRF. The PSC is chaired by the MoFA Chief Director. It has currently a membership of the directors of key MoFA departments and GASIP National Programme Coordinator, as well as representatives of the Ministry of Finance, the Environment Protection Agency; a Civil Society Organisation and Ghana Agricultural Workers' Union. To strengthen the PSC capacity to oversee ESRF's implementation, MoFA will invite additional representatives to the PSC from the national government ministries and agencies (such as Ministry of Trade and Industry, Ministry of Health, Ministry of Gender, Children and Social Protection and Ministry of Local Government and Rural Development), regions of implementation, both public and private institutions representing financial sector intermediaries and agricultural market intermediaries, non-state actors' representatives (such as NGOs), and representatives of youth and women who operate along the relevant agricultural value chains as practitioners or advocates.

7.2. *Responsibilities*. The main responsibilities of the steering committee will include: (i) providing strategic and policy guidance to the Project Coordination Unit (PCU) for implementation and coordination of activities; (ii) ensuring overall conformity with government policies and strategies; (iii) reviewing Project's progress and performance; (iv) approving the Annual Work Plan and Budget (AWPB); (v) resolving implementation problems or conflicts; and (vi) assisting the PCU in obtaining government assistance and contributions to the Project when needed.

8. *Technical committee*. GASIP's technical committee will also be responsible for ESRF. The technical committee will oversee planning, review progress, facilitate linkages between project stakeholders and remove bottlenecks affecting smooth implementation. The GASIP technical committee currently includes the Director of the Directorate of Crop Sciences (MoFA), Director of the Policy Planning Monitoring and Evaluation Directorate (MoFA), Head of AfDB and IFAD unit (Ministry of Finance); Representative of the National Board for Small-Scale Industries (NBSSI), Representative of the Environmental Protection Agency and the National Programme Coordinator (GASIP). To strengthen the technical committee's capacity to oversee ESRF's implementation MoFA will invite additional representatives to the technical committee drawn from the Ministry of Health (MoH), the Ministry of Gender, Children and Social Protection (MGSP); the Ministry of Local Government and Rural Development (MLGRD); and representative of ESRF co-financier (when finalised) as well as any other additional membership that would be deemed necessary.

9. *Project Implementation Structure*. ESRF will be implemented through the two-level organisational structure, which is currently in place for managing GASIP; namely, the Project Coordination Unit (PCU) located in Accra and three Zonal Coordination Units (ZCUs) located in the northern belt (Tamale), middle belt (Kumasi) and southern belt (Dodowa). All staff in the PCU and the ZCUs are competitively recruited on a full-time basis. All staff will be managing ESRF in addition to their current responsibilities in managing GASIP.



9.1. *PCU staff and responsibilities.* The PCU is headed by the National Programme Coordinator (NPC) and is supported by a Finance Manager (FM), an Infrastructure Manager (IM), a Value Chain and Agribusiness Manager (VCAM), a Programme Monitoring and Evaluation Manager (PMEM), a Climate Change Adaptation Manager (CCAM) and a Procurement Manager (PPM). A gender strategy specialist on need basis provides inputs to the PCU and the ZCUs on the IFAD mainstreaming areas.

9.2. *Zonal Coordination Unit (ZCU).* The ZCUs will be responsible for the zonal operations of ESRF in addition to current responsibilities with regard to GASIP. The ZCUs shall carry out project implementation at the community level with the support of partners in the public and private sectors (Regional and District Departments of Agriculture, Business Advisory Centers, Business Resources Centers), service providers, NGOs, etc. It shall monitor and ensure that implementation is coordinated in each community according to these plans leading to harmonisation of resources and interconnectivity of the components. The key staff in the three ZCUs comprise two Monitoring and Evaluation Officers, three Zonal Value Chain and Agribusiness Officers, three Accountants, one Procurement Officer and one Zonal Infrastructure Officer. The staffing structure above and responsibilities for both the PCU and the three ZCUs are outlined in detail in the PIM (as approved internally and shared by the Parties during negotiations). Where changes to the PCU structure or staffing, as outlined in the PIM, becomes necessary, they should receive IFAD non objection before they take effect.

## **B. Planning, monitoring and evaluation, knowledge management and communications**

10. *Monitoring and Evaluation.* The ESRF will use the Annual Work Plan and Budget (AWPB) as the primary planning tool. ESRF progress and performance will be measured against AWPB targets and periodic assessments of impact achieved. Baseline information will be collected from GASIP baseline surveys in project areas. A results-based approach will be adopted through the monitoring and evaluation (M&E) system. The Operational and Results Management System (ORMS) will be incorporated within the M&E system to monitor the different programme indicators. Key M&E activities will include progress reports (quarterly, semi-annual and annual), beneficiaries' database, outcome studies and project completion survey. The ESRF will promote visibility and effective flow of information and facilitate exchanges with other projects and agencies and disseminate results.

11. *Knowledge Management.* ESRF's KM and learning will be addressed in coordination and through shared responsibility of the co-financing/implementation partners, i.e. Government of Ghana, WFP, FAO and Government of Canada. Success stories, beneficiary testimonies and lessons learned will be captured in the regular progress reports as well as separate bulletins where necessary. KM and lessons learned will be a part of the agenda of the review meetings between the financing partners. The items identified for larger publicity will be given visibility through the PCUs ongoing GASIP related KM structure, the MoFA website (particularly the PFJ section) and the KM structures of the other financing partners.

### **C. Procurement and advance contracting**

12. *Procurement arrangements.* Procurement arrangements under ESRF will follow the procurement section of the PIM, as approved internally and shared by the parties during negotiations.

13. *Advance contracting.* Number of procurement activities have been started ahead of ESRF approval in order to allow meeting critical timeline and support the beneficiaries during the growing season. These activities include:

i) Procurement starts ahead of ESRF approval, contracts signed and services delivery / supply starts ahead of entry into force of this Agreement; such as supply of seeds and fertilizers.

ii) Procurement starts ahead of ESRF approval, contracts signed and services delivery / supply starts after entry into force of this Agreement; such as engagement of a firm to develop content and provide digital extension services.

14. All activities that would be procured using advance procurement arrangements should be included in a provisional procurement plan that is subject to IFAD no objection.

15. In such cases, for the activities procured using advance contracting to be eligible for IFAD financing after entry into force of this Agreement, they should follow implementation arrangements, set forth in the PIM as approved internally and shared by the parties during negotiations, or any amended version of the PIM provided that such amended version has received IFAD no objection. This includes compliance with inter alia procurement arrangements, targeting approach, etc.

## Schedule 2

### Allocation Table

1. *Allocation of Loan Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the 2 Loans and the allocation of the amounts of the Loans to each Category. The 2 loans, one under highly concessional terms for an amount of USD 10 million and the other on blend terms for an amount of USD 10 million are aggregated in the table below: Project expenditures will be split *pari passu* across both loans. All eligible expenditures belonging to the categories below will be fully apportioned to the Loans Financing as shown below.

	Category	Loan Amount Allocated in USD	Loan Amount Allocated in USD	Percentage (net of taxes)
I.	Goods & Inputs	6 776 550	6 776 550	100% net of taxes, WFP, GOC and beneficiaries contributions
II.	Services	749 700	749 700	100% net of taxes, WFP, GOC and beneficiaries contributions
III.	Grants & Subsidies	677 700	677 700	100% net of WFP contributions
IV.	Equipment & Materials	673 200	673 200	100% net of taxes, WFP and GOC contributions
V.	Salaries & allowances	122 850	122 850	100% net of taxes
	Unallocated	1 000 000	1 000 000	
<b>Total</b>		<b>10 000 000</b>	<b>10 000 000</b>	

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

- I) *Category I.* includes expenditures related to Agricultural inputs and produce.
- II) *Category II.* includes expenditures related to National Technical Assistance, Consultancies, Trainings & Workshops;
- III) *Category V.* includes expenditures related to Operating Costs

### 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 to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the Project will customize its own accounting software to ensure alignment to International Accounting Standards and IFAD's requirements.

2. *Indigenous People Concerns.* The Borrower shall ensure that the concerns of IPs are given due consideration in implementing the Project and, to this end, shall ensure that:

- (a) the Project is carried out in accordance with the applicable provisions of the relevant IP national legislation;
- (b) indigenous people are adequately and fairly represented in all local planning for Project activities;
- (c) IP rights are duly respected;
- (d) IP communities, participate in policy dialogue and local governance;
- (e) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected;
- (f) The Project will not involve encroachment on traditional territories used or occupied by indigenous communities.

3. *Land tenure security.* The Borrower 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.

4. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower 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 shall ensure that: (a) all project activities are implemented in strict conformity with the Borrower'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 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.

5. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
6. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower 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.

# Logical framework

Results Hierarchy	ORM S No.	Indicators				Means of Verification			Assumptions
		Name of Indicator	Unit	Baseline	End Target	Source	Frequency	Responsibility	
Outreach	1.	Number of persons/beneficiaries* receiving services promoted or supported by ESRF	Persons	0	50,000	Project reports	Semi-annual	PCU	Effective stakeholder identification, and gender/youth targeting is carried out at the community level
		Men	Persons	0	25,000				
		Women	Persons	0	25,000				
		Youth	Persons	0	25,000				
	1a	Corresponding number of households reached	HH	0	25,000				
1b	Estimated corresponding total number of households members**	Persons	0	150,000					
<b>Goal:</b> Contribute to Protecting the livelihoods, incomes, health and resilience of target groups suffering from the impacts of the COVID-19 pandemic and from climate change.		Percentage of households reporting that income was maintained or improved, compared with before the COVID-19 outbreak(same month/period in 2019)	percent	0	70 percent	Ghana Statistical and health Services/ ESRF surveys/ Completion report	End of project	PCU and ZCUs	
<b>Development Objective:</b> Mitigate the threats to production, food security, market access and health posed by the COVID-19 pandemic and climate change	1.2.4	Percentage of households reporting that production was maintained or improved.	percent	0	70 percent	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	Political stability.  Macroeconomic conditions remain stable or improve.  COVID-19 situation in the country remains stable, possibly improving over time.
	1.2.8	Percentage of women reporting minimum dietary diversity (MDDW)	percent	0	70 percent				
		Households with at least one woman	percent		70 percent				
		Percentage of households reporting that their sales volumes were maintained or improved	percent		70 percent				
<b>Outcome 1</b> Target households' production, food security, defence against COVID-19 and climate change resilience is maintained or increased	1.2.2	Percentage of households reporting that the adoption of new/improved inputs, technologies or practices maintained or increased.	percent		50 percent	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	No major political or social shocks in the region.
<i>Output 1.1</i> <i>Target households' access to good quality, climate resilient, agricultural inputs and services is established.</i>	1.1.3	Percentage of households accessing improved production inputs and/or technological packages	percent		70 percent	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	
		Percentage of households exposed to environmentally sustainable and climate-resilient technologies and practices	percent		50 percent				
<i>Output 1.2</i> <i>Target households' access to food and nutrition is</i>	1.1.8	Number of persons provided with targeted support to improve their nutrition	HH		5,000	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	

<i>maintained or improved.</i>									
<b>Output 1.3</b> <i>Capacity to produce and diversify income increased</i>	1.1.4	Number of persons trained in production practices and/or technologies through e-extension services	Persons		35,000	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	
	2.1.2	Number of persons trained in income-generating activities or business management through e-extension services	Persons		35,000				
<b>Output 1.4</b> <i>Awareness and adoption of preventive measures against the spread of COVID-19 increased.</i>		Number of persons trained on COVID-19 preventive hygiene and sanitary practices	Persons		30,000	Project reports/Completion report	Semi annual and end of project	PCU and ZCUs	
		Number of persons supplied with personal protective equipment	Persons		30,000				
<b>Outcome 2</b> <i>Market linkages between smallholder farmers and other value chain actors maintained or improved</i>		Percentage of households reporting that marketing linkages with agribusinesses maintained or increased	percent		50 percent	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	
<b>Output 2.1</b> <i>Marketing partnerships developed</i>		Percentage of households formally linked to markets through contracts with agribusinesses	percent / Households		50 percent	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	
	2.2.2	Percentage of supported rural enterprises reporting an increase in profit	percent		50 percent				
<b>Output 2.2</b> <i>Marketing capacity increased</i>		Percentage of households trained on using electronic marketing platforms	percent		50 percent	Project reports/ Completion report	Semi annual and end of project	PCU and ZCUs	
		Percentage of households regularly accessing electronic marketing platforms	percent		30 percent				