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Investing in rural people

## President's Report

### Proposed Loan and Debt Sustainability Framework Grant to the Republic of Sierra Leone for the Agricultural Value Chain Development Project

#### Note to Executive Board representatives

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For: Approval

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## Abbreviations and acronyms

AVDP	Agricultural Value chain Development Project
AWPB	Annual Work Plan and Budget
DSF	Debt Sustainability Framework
ERR	economic rate of return
M&E	monitoring and evaluation
MAFFS	Ministry of Agriculture, Forestry and Food Security
NPCU	National Programme Coordination Unit
PBAS	performance-based allocation system
SCP-GAFSP	Smallholder Commercialization Programme - Global Agriculture and Food Security Programme
SLL	Sierra Leonean leone

# Map of the project area

## Sierra Leone

### Agriculture Value Chain Development Project (AVDP)

President's report



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 | 12-10-2018

# Republic of Sierra Leone

## Agricultural Value Chain Development Project (AVDP)

### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Republic of Sierra Leone
<b>Executing agency:</b>	Ministry of Agriculture, Forestry and Food Security
<b>Total project cost:</b>	US\$60.3 million
<b>Amount of IFAD loan:</b>	US\$5.9 million
<b>Amount of IFAD DSF grant:</b>	US\$5.9 million
<b>Terms of IFAD loan:</b>	Highly concessional, 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
<b>Financing gap:</b>	US\$28.5 million
<b>Cofinancier(s):</b>	Adaptation Fund, subject to approval
<b>Amount of cofinancing:</b>	Adaptation Fund: US\$9.2 million
<b>Terms of cofinancing:</b>	Grant
<b>Contribution of borrower:</b>	US\$8.1million (of which US\$1.9 million will be provided to match IFAD financing of US\$11.8 million presented in the financing agreement)
<b>Contribution of beneficiaries:</b>	US\$1.4 million
<b>Contribution of private sector</b>	US\$1.4 million
<b>Appraising institution:</b>	International Fund for Agricultural Development

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Republic of Sierra Leone for the Agriculture Value Chain Development Project (AVDP), as contained in paragraph 45.

## Proposed Loan and Debt Sustainability Framework Grant to the Republic of Sierra Leone for the Agriculture Value Chain Development Project (AVDP)

### I. Strategic context and rationale

#### A. Country and rural development and poverty context

1. The Republic of Sierra Leone economy has grown substantially since the end of the civil war in 2002, but it suffered two major shocks in 2014/2015 – the Ebola epidemic and the collapse of iron ore prices, with GDP shrinking 21 per cent in 2015. However, economic growth resumed following new investments in mining, agriculture and fisheries, registering GDP growth of 6.3 per cent in 2016 and 5.7 per cent in 2017. Agriculture, the largest sector in the economy, accounted for 59 per cent of GDP in 2016, 62 per cent of the labour force, and 22 per cent of export earnings. Cash crops produced for export include cocoa and coffee, while palm oil is produced for domestic consumption and some export.
2. Sierra Leone's population is around 7.4 million (40 per cent youth) and growing at 2.2 per cent annually. Poverty is widespread but is particularly acute and concentrated in rural areas, where 59 per cent of the population lives. The rural poverty headcount of over 66 per cent is double that of urban areas. Women and youth are particularly vulnerable due to challenges associated with access to land, skills and capital, as well as customs. About 59.7 per cent of rural households in Sierra Leone are food insecure, compared with 25.1 per cent in urban areas.

#### B. Rationale and alignment with government priorities and RB-COSOP

3. Agricultural development remains key to Sierra Leone's economic development and rural poverty reduction, and there is considerable untapped potential for increasing the production and productivity of both staple and cash crops. The project will focus on three crops: rice, cocoa and palm oil, though the largest share of the budget will be devoted to rice production in inland valley swamps, consistent with the Government of Sierra Leone priorities. The AVDP will promote crop diversification to provide flexibility and choice to beneficiaries and support improved nutrition.
4. The AVDP is aligned with the National Agricultural Transformation 2023 Programme, which is currently in development. The AVDP addresses two of the three priority intervention areas, which are rice self-sufficiency and crop diversification, notably for palm oil and cocoa. The project aligns with five of the seven new strategic priorities: (priority 2) Increasing investment in rice production, processing and marketing, (priority 3) Make youth and women catalysts for agribusiness development and growth, (priority 4) Invest in catalytic technologies such as agricultural mechanization, irrigation and water management, (priority 6) Strengthen sustainable biodiversity management and conservation, including forest and tree crops, (priority 7) Increase the production of other crops, such as vegetables, to ensure diversification.

5. The selection of value chains is consistent with government priorities and pro-poor approaches to value chain development. The crop mixture addresses increased availability of the dietary staple (rice), improved nutritional balance (vegetables) and increased income from all crops.
6. The project development objective and approach are aligned with the two strategic objectives of the Country Strategy Note 2017-2018, namely (i) improved smallholder farmers' access to technical skills and markets; and (ii) improved access to finance for rural communities.

## II. Project description

### A. Project area and target group

7. Due to widespread poverty, the AVDP will in principle be nationwide, though the concentration and intensity of project interventions will depend on climatic and agroecological conditions in each of the 16 districts of Sierra Leone.<sup>1</sup> While rice and palm oil are produced throughout the country, cocoa production is localized in specific districts.
8. The socio-economic profile of the target group will be similar to that of the groups targeted under the Smallholder Commercialization Program - Global Agriculture and Food Security Program (SCP-GAFSP), although primarily in other areas of the country. The majority of the beneficiaries (62.3 per cent) have no education. Only 37.7 per cent of beneficiaries have some formal education, mostly primary or secondary but very little post-secondary/tertiary. More female beneficiaries (69.1 per cent) than their male counterparts (40.5 per cent) have no education. The average monthly income of beneficiaries is at 468,795 leones. Radio and mobile phones are popular assets that beneficiaries own, as indicated by 49.8 per cent and 41.8 per cent of respondents, respectively. Ownership of other assets is insignificant. Fully 91 per cent of households experienced hunger in the 12 months prior to the survey, during which they had difficulty providing sufficient food to feed all members.
9. The project is estimated to target 204,000 direct beneficiaries, equivalent to 34,000 households, over a period of six years, providing assistance to the target groups and support for greater participation in targeted value chains. The project aims at reaching at least 40 per cent of both women and youth.

### B. Project development objective

10. The project's development objective is to increase the income of smallholder farmers through the promotion of agriculture as a business.

### C. Components/outcomes

11. The project has three components: (i) Climate-resilient and smart agricultural production; (ii) Agricultural market development; (iii) Project coordination and management.
12. Component 1: Climate-resilient and smart-agricultural production. The expected outcome of component 1 is that the volume and value of production is increased and production systems are made more climate resilient. Component 1 will have two subcomponents, as follows:
  - (a) Subcomponent 1.1. Support for smallholder rice production and productivity. This will support a total of 10,000 rice farmers by providing technical assistance through farmer field schools and financial support for the development of inland valley swamps for double or triple cropping of rice and improved access to quality inputs and mechanized farming services.

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<sup>1</sup> The project will pursue a strategy of territorial concentration of interventions to facilitate implementation, which in practice may mean that not all districts are targeted.

- (b) Subcomponent 1.2. Support for tree crop production and productivity. This will involve work with 13,000 farmers (5,000 cocoa and 8,000 palm oil producers) receiving technical assistance and support for the establishment of one-hectare plots on fallow or abandoned agricultural land. No deforestation is permitted to clear land for the smallholder plantations. No large plantations will be supported.
13. Component 2: Agricultural market development. The expected outcome of this component is improved performance and organization of the selected value chains for increased smallholder production and productivity. The component is composed of two subcomponents:
- (a) Subcomponent 2.1. Market access. This subcomponent will focus on: strengthening the business skills of Agri-Business Centres, farmers' organizations; farmer field schools; facilitating value chain organizations; and deal making through the establishment of provincial multi-stakeholder platforms.
  - (b) Subcomponent 2.2. Climate-resilient rural infrastructure. Partly financed through the Adaptation Fund, this will involve the rehabilitation of warehouses to improve product drying and storage capacity, provide potable water and latrines and rehabilitate feeder roads and farm tracks.
14. Component 3: Project coordination and management. This component is divided into two subcomponents:
- (a) Subcomponent 3.1. Project coordination and management.
  - (b) Subcomponent 3.2. Financing mechanisms for target groups.

### III. Project implementation

#### A. Approach

15. The overall AVDP approach will be market-centred and demand-driven. The main thrust will be on establishing win-win partnerships between producers and their organizations, private-sector agribusinesses and rural finance institutions. This will be achieved through a series of activities, including the provision of technical assistance by the farmer field schools, as well as the strengthening of farmers' organizations to better plan production and the purchase of inputs. The availability of certified seeds will be enhanced through the set-up of seed multiplication plots that will be linked to private-sector processors. The project will provide matching grants to facilitate beneficiary investment in production infrastructure to boost productivity. The matching grants scheme will also increase financial inclusion, as most producers' groups will need credit for their investments. Multi-stakeholder platforms will better integrate the value chains by bringing the different stakeholders – including representatives of the smallholder farmers – to the table to find solutions to current obstacles, build trust and facilitate business deals. Rehabilitated feeder roads will further facilitate market linkages. Additionally, the project will seek to climate proof the productive investments and ensure relevant capacity-building.

#### B. Organizational framework

16. The National Programme Coordination Unit (NPCU) will be responsible for project planning, financial management, contracting implementing partners for specific activities and tasks, monitoring and evaluation (M&E), communication and knowledge management, supervision of project activities at the district level and facilitating linkage with the Government, private-sector and development institutions and integrating project experience into policy dialogue.



17. The NPCU will have approximately 25 technical and support staff at its headquarters, supplemented with a robust presence at the provincial level with the out-posting of 4 tree crop officers, 4 inland valley swamp officers, 2 agribusiness specialists and 4 Community Mobilizers/Targeting Specialists. A matching grant evaluation committee will be set up to approve grant applications. Staff implementing AVDP will have an opportunity for training to improve their performance. At the district level, the district agricultural officer of Ministry of Agriculture, Forestry and Food Security (MAFFS) will be responsible for coordinating the implementation of project activities.
18. AVDP will be placed under the technical supervision of the MAFFS. The MAFFS and the National Steering Committee will provide oversight, direction and advice for project implementation, and in particular, approve the project's Annual Work Plan and Budget (AWPB), as well as its periodic progress reports.

### C. Planning, monitoring and evaluation and learning and knowledge management

19. The project will prepare an AWPB for approval by the National Steering Committee and subsequent presentation to IFAD for no objection. The AWPB will serve as the basis for any work that the project undertakes. The AWPB will be prepared in consultation with beneficiaries and other stakeholders and build on the project's progress.
20. The project's logical framework will be the main document for supporting results-based and objective-oriented implementation. The AVDP monitoring and evaluation system will build on the system developed in the SCP-GAFSP, including its M&E manual. The M&E system will be in line with the Government of Sierra Leone requirements, as well as IFAD's Operational Results Management System and will generate gender- and age-disaggregated data on project outputs, outcomes and impacts.
21. AVDP monitoring will be integrated into the existing SCP-GAFSP monitoring and evaluation framework. The project M&E Unit will include and regularly assess a number of gender, youth and other group-specific indicators in the programme's M&E system at the output, outcome and impact level-in particular, capturing the improvement of access to outputs, their use by the target groups and these groups' satisfaction with them.
22. Knowledge management and learning are key to meeting project objectives, as reliable information is the basis of results-based management. Priority will be given to areas where AVDP interventions are recognized as exemplary and expected to have the greatest impact, though failures are also an important basis for learning. Best practices and proven concepts will be fed into the MAFFS and regional knowledge management systems. Lessons learned will also be fed into the continuous improvement of manuals, concepts and strategies and disseminated to the various target groups, including the public, using appropriate communication media.

### D. Financial management, procurement and governance

23. The inherent risk is assessed as high. As a result, the project will largely follow the financial management arrangements already established under the ongoing IFAD projects, which will lower the risk to medium. The financial management arrangements will include the following: (i) a qualified financial controller and an accountant will be appointed; (ii) all programme transactions will be recorded in customized accounting software, in accordance with the International Public Sector Accounting Standards (IPSAS) cash-basis of accounting, (iii) a designated account in United States dollars for IFAD financing will be maintained at a commercial bank, and IFAD funds will not be mingled with other funds, (iv) IFAD financing will be disbursed in accordance with IFAD disbursement procedures and (v) the NPCU will

prepare quarterly financial reports in formats agreed upon with IFAD. Furthermore, the consolidated financial statements will be audited annually by the Audit Service of Sierra Leone – Office of the Auditor General, in accordance with International Organization of Supreme Audit Institutions/International Standards of Supreme Audit Institutions (INTOSAI/ISSAI) standards and IFAD audit requirements. The audit report, together with the management letter, will be submitted to IFAD within six months of the end of the fiscal year. The day-to-day financial operations will be specified further in the relevant section of the project implementation manual.

24. IFAD's has a zero-tolerance policy toward fraudulent, corrupt, collusive or coercive actions in all projects financed through its loans and grants. IFAD's anticorruption policy and whistleblowing procedures will be mainstreamed in the project implementation manual.
25. A procurement assessment was undertaken as part of the design mission. According to the assessment, the legal and regulatory framework for public procurement in Sierra Leone will be used for all AVDP procurement activities, with the exception of international competitive bidding, for which the World Bank guidelines and framework will apply. In addition, the procurement plan to be used by AVDP will be based on the version presented as part of the IFAD Project Procurement Handbook.

#### E. Supervision

26. The project will be directly supervised by IFAD. Supervision will be conducted as an opportunity to assess achievements and lessons jointly and reflect on ways to improve implementation and impact. Furthermore, a financial management specialist will participate in missions at least annually to supervise and provide implementation support to the project and monitor the fiduciary risk at various levels.

### IV. Project costs, financing and benefits

27. The financing gap of US\$28.5 million may be sourced by subsequent performance-based allocation system (PBAS) cycles (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval) or by cofinancing identified during implementation.

#### A. Project costs

28. The total combined AVDP investment and incremental recurrent costs, including physical and price contingencies, are estimated at US\$60.3 million, disaggregated by component as follows: component 1, climate-resilient and smart-agricultural production, is the main investment component, representing US\$37.9 million of the total project costs (63 per cent of total costs); while component 2, agricultural market development, accounts for US\$13.4 million (22 per cent of total costs); and US\$9 million for the project coordination and management component 3, (15 per cent of total project costs).

Table 1  
**Project costs by component and financier**  
 (Thousands of United States dollars)

Component	IFAD loan		IFAD DSF grant		Financing gap		Adaptation fund		Beneficiaries		Borrower/ counterpart		Private sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	
1. Climate-resilient and smart agricultural production																
1.1 Support for smallholder rice production and productivity	2 370	10.5	2 370	10.5	11 676	51.7	2 246	10.0	522	2.3	3 385	15	-	-	22 569	
1.2 Support for tree crop production and productivity	447	2.9	447	2.9	7 107	46.2	4 235	27.6	828	5.4	2 305	15	-	-	15 369	
<b>Subtotal</b>	<b>2 818</b>	<b>7.4</b>	<b>2 818</b>	<b>7.4</b>	<b>18 782</b>	<b>49.5</b>	<b>6 480</b>	<b>17.1</b>	<b>1 350</b>	<b>3.6</b>	<b>5 691</b>	<b>15</b>	-	-	<b>37 938</b>	
2. Agricultural market development																
2.1 Market access	809	17.0	809	17.0	1 562	32.8	-	-	-	-	694	14.6	881	18.5	4 755	
2.2 Climate-resilient rural infrastructure and information systems	-	-	-	-	4 456	51.8	2 367	27.5	-	-	1 232	14.3	543	6.3	8 598	
<b>Subtotal</b>	<b>809</b>	<b>6.1</b>	<b>809</b>	<b>6.1</b>	<b>6 018</b>	<b>45.1</b>	<b>2 367</b>	<b>17.7</b>	-	-	<b>1 926</b>	<b>14.4</b>	<b>1 424</b>	<b>10.7</b>	<b>13 353</b>	
3. Project coordination and management	2 268	25.2	2 268	25.2	3 700	41.1	308	3.4	-	-	467	5.2	-	-	9 012	
<b>Total</b>	<b>5 895</b>	<b>9.8</b>	<b>5 895</b>	<b>9.8</b>	<b>28 500</b>	<b>47.3</b>	<b>9 156</b>	<b>15.2</b>	<b>1 350</b>	<b>2.2</b>	<b>8 084</b>	<b>13.4</b>	<b>1 424</b>	<b>2.4</b>	<b>60 302</b>	

## B. Project financing

29. The financing plan covers: (i) IFAD financing of US\$11.8 million under the Tenth Replenishment of IFAD's Resources (IFAD10); (ii) a financing gap of US\$28.5 million, which may be sourced by subsequent PBAS cycles, as outlined in paragraph 27; (iii) an Adaptation Fund grant of US\$9.2 million, subject to approval; (iv) a contribution from the Government of US\$8.1 million, which will be used to finance project duties and VAT, of which US\$1.9 million will be provided to match IFAD financing of US\$11.8 million approved under IFAD10; (v) estimated beneficiary contributions (in-kind and cash) of US\$1.4 million; and (vi) a private-sector contribution of US\$1.4 million.
30. Additionally, the AVDP is expected to benefit from an estimated US\$10 million in parallel value chain investments under the World Bank-financed Smallholder Commercialization and Agribusiness Development Project and an estimated US\$12 million for the rice-seed value chain under the World Bank's West Africa Agricultural Transformation Project.

Table 2  
**Project costs by expenditure category and financier**  
 (Thousands of United States dollars)

	IFAD loan		IFAD DSF grant		Financing gap		Adaptation fund		Private sector		Beneficiaries		Borrower/ counterpart		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>I. Investment costs</b>																
A. Civil works	509	5.4	509	5.4	4 178	44.3	2 338	24.8	488	5.2	-	-	1 416	15.0	9 438	15.7
B. Goods, equipment and vehicles	324	42.5	324	42.5	-	-	-	-	-	-	-	-	114	15.0	762	1.3
C. Technical assistance	1 042	10.1	1 042	10.1	3 237	31.4	2 582	25.0	936	9.1	-	-	1 470	14.3	10 310	17.1
D. Grants and subsidies	2 308	7.1	2 308	7.1	17 662	53.9	4 235	12.9	-	-	1 350	4.1	4 917	15.0	32 781	54.4
Total investment costs	4 183	7.9	4 183	7.9	25 077	47.1	9 156	17.2	1 424	2.7	1 350	2.5	7 917	14.9	53 290	88.4
<b>II. Recurrent costs</b>																
A. Salaries and allowances	1 437	25.0	1 437	25.0	2 874	50.0	-	-	-	-	-	-	-	-	5 748	9.5
B. Operating costs	274	21.7	274	21.7	548	43.4	-	-	-	-	-	-	167	13.2	1 264	2.1
Total recurrent costs	1 711	24.4	1 711	24.4	3 422	48.8	-	-	-	-	-	-	167	2.4	7 012	11.6
<b>Total Project Costs</b>	<b>5 895</b>	<b>9.8</b>	<b>5 895</b>	<b>9.8</b>	<b>28 500</b>	<b>47.3</b>	<b>9 156</b>	<b>15.2</b>	<b>1 424</b>	<b>2.4</b>	<b>1 350</b>	<b>2.2</b>	<b>8 084</b>	<b>13.4</b>	<b>60 302</b>	<b>100.0</b>

### C. Summary benefit and economic analysis

31. The economic analysis shows that the project has the capacity to generate an economic rate of return (ERR) of 32 per cent over a 20-year period, with a net present value of Sierra Leonean leone 203 billion (approximately US\$23.5 million). Given the many unquantifiable benefits, the actual ERR will likely be higher.
32. In order to test the robustness of the above results, sensitivity analysis was carried out, and the results are presented below. The sensitivity analysis investigates the effect of fluctuations in project costs, benefits and implementation delays on the net present value and ERR. The results show that the ERR drops to 22 per cent with a 20 per cent increase in costs, and to 20 per cent with a 50 per cent increase in costs, still making the project economically viable.

### D. Sustainability

33. The project aims at strengthening farmers' organizations to the extent that they are able to collectively plan sustainable production, purchase inputs and sell their produce through stable private-sector engagement. In coordination with the Rural Finance and Community Improvement Programme, the project also seeks to ensure that farmer-based organizations are sustainably accessing rural finance for inputs. Furthermore, productive investments will be climate proofed through the financing from the Adaptation Fund. Finally, through policy engagement planned as part of component 3, the project will help keep the Government's focus on the rural poor and facilitate Government support to the target group after project completion.

### E. Risk identification and mitigation

34. Since governance issues could compromise the expected impact on communities and increase project costs, the risk is classified as high. Elite capture of outputs, especially physical assets, which are intended for well-defined target groups, is another problem associated with poor governance. These governance risks will be mitigated by complementing the Government's initiatives with: (i) increased transparency and publicity about the distribution of outputs; (ii) training for

implementers at all levels in financial management, procurement, M&E and reporting procedures; (iii) the implementation of a clear targeting strategy; and (iv) continued improvement of the grievance mechanism for beneficiaries. The Good Governance Framework developed for the SCP-GAFSP will be applied during the implementation of AVDP.

35. Institutional capacity for implementation and sustainability risks are considered moderate. Failure in project coordination is a risk, especially among and within non-state actors and private agribusiness. Private stakeholders consistently indicate that institutions that provide critical support services to private-sector investors remain weak and coordination among them is fragmented. The project will mitigate this risk by ensuring that the project implementation unit has clear mechanisms for effective coordination during project implementation.
36. The AVDP is not expected to have overall negative environmental impacts. However, since small commercial agricultural activities may produce unexpected cumulative impacts, careful design of an appropriate monitoring system is critical. The major concerns are associated with the increased use of fertilizers and pesticides that might result from wider distribution of these products and their impact on biodiversity and human health. Training on proper use and disposal, adoption of the principles of the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agricultural Organization of the United Nations, as well as the design of an environmental monitoring system in partnership with the Sierra Leone Environmental Protection Agency are considered sufficient mitigation measures. Based on the above information, the project has been classified as category B according to IFAD classification standards.
37. The promotion of palm oil is considered to entail limited risks, as only smallholder oil palm plantations of a maximum of one hectare will be established under the project. Large-scale plantations will not be supported. Furthermore, new smallholder plantations will be established only on fallow or abandoned agricultural land, and no deforestation will be accepted. Moreover, oil palm (*Elaeis guineensis*) is endemic to West Africa and is therefore a natural part of the vegetation in Sierra Leone. The palm oil produced will largely be used for cooking and sold on the domestic market. Appendix II presents answers to key questions on how the project will support palm oil production.

## V. Corporate considerations

### A. Compliance with IFAD policies

38. The project is aligned with the IFAD11 priorities on a range of parameters. First, it addresses gender, youth, nutrition and climate change and therefore supports the IFAD11 mainstreaming agenda. Second, the project has managed to attract cofinancing from the Adaptation Fund and will therefore contribute to the corporate cofinancing targets. Third, the project is designed to have a relatively frontloaded disbursement profile underpinned by substantial investments in equipment and irrigation systems, as well as road rehabilitation and maintenance in the initial years, all of which will contribute to an increasing corporate disbursement ratio. Fourth, the project covers two PBAS cycles and is therefore aligned with the notion of delivering bigger, better and smarter.

### B. Alignment and harmonization

39. The AVDP is wholly consistent with the Government's National Agricultural Transformation 2023 Programme, which is currently in development. The AVDP addresses two of the three priority intervention areas, which are rice self-sufficiency and crop diversification, notably for palm oil and cocoa. The selection of value chains will allow the AVDP to build on and strengthen the results that have been achieved in Sierra Leone through past and ongoing IFAD-financed projects operating in the same value chains.

### C. Innovations and scaling up

40. The project scales up and refines the intervention model developed under the ongoing SCP-GAFSP, but with a range of innovations, including: (i) the establishment of multi-stakeholder platforms to strengthen integration of the selected sustainable value chains; and (ii) an increased focus on nutrition and food security through the promotion of intercropping with food/tree crops and the creation of vegetable gardens.

### D. Policy engagement

41. Policy engagement in the interest of smallholder farmers and the rural poor will be undertaken through: (i) the organization of periodic stakeholder discussions around specific policy issues, with the participation of public and private value chain stakeholders; (ii) the use of provincial commodity platforms as a nexus for discussing and sharing policy-related concerns with the Government, in line with national priorities; (iii) support for relevant analytical work related to agricultural policies and strategies; and (iv) support for capacity-building in selected government agencies involved in policy-making for agricultural development (e.g., MAFFS, Ministry of Finance, Ministry of Planning and Economic Development and Ministry of Trade and Industry).

## VI. Legal instruments and authority

42. A financing agreement between the Republic of Sierra Leone 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.
43. The Republic of Sierra Leone is empowered under its laws to receive financing from IFAD.
44. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## VII. Recommendation

45. 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 Sierra Leone in an amount of five million nine hundred thousand United States dollars (US\$5,900,000) 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 DSF grant to the Republic of Sierra Leone in an amount of five million nine hundred thousand United States dollars (US\$5,900,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President

## Negotiated financing agreement: "Agriculture Value chain Development Project"

(Negotiations concluded on 12 November 2018)

Loan Number: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Project Title: Agriculture Value chain Development Project (AVDP) (the "Project")

The Republic of Sierra Leone (the "Borrower/Recipient")

and

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

(each a "Party" and both of them collectively 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 Special Covenant (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of April 2014, 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.
3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (all together the "Financing"), 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 five million nine hundred thousand United States dollars (USD 5 900 000).
  - B. The amount of the Grant is five million nine hundred thousand United States dollars (USD 5 900 000).
2. The Loan is granted on highly concessional terms. Accordingly the Loan granted on highly concessional terms is free of interest but bears a service charge of three fourths of one per cent (0.75%) per annum payable semi-annually in the Loan Service Payment Currency, and has 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.
3. The Loan Service Payment Currency shall be United States dollars.
4. The first day of the applicable Fiscal Year shall be January 1<sup>st</sup>.

5. Payments of principal and service charge shall be payable on each May 1<sup>st</sup> and November 1<sup>st</sup>.

6. There shall be an account designated to receive IFAD loan and grant funds in advance (Designated Account) denominated in USD, to be maintained in a commercial bank. The funds in the Designated Account shall not be mingled with other funds. There shall be a Project account denominated in SLL to receive Financing from the Designated Account in a commercial bank.

7. There shall be a Project account denominated in SLL to receive the Financing from the Designated Account in a commercial bank. In addition, there will be separate counterpart account to receive counterpart financing from the government.

8. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of approximately one million nine hundred thousand United States dollars (USD 1 900 000) to cover taxes and duties and other Project implementation costs, including supervision, in accordance with the approved Annual Work Plan and Budget (AWPB) of the Project.

### Section C

1. The Lead Project Agency (LPA) shall be the Ministry of Agriculture (MAF).

2. The following are designated as additional Project Parties: Private sector actors (Agribusiness, SMEs) and Community Banks and Financial Services Associations.

3. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

### Section D

The Financing will be administered and the Project supervised by the Fund.

### Section E

1. The following are designated as additional grounds for suspension of this Agreement under the General Conditions:

(a) the Project Implementation Manual (PIM), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

(b) any institutional changes have been made by the Borrower/Recipient to the Project Steering Committee or the Project Implementation Unit (PIU), including the transfer, suspension, or termination of key PIU staff without cause and without the Fund's no-objection, and the Fund has determined that such changes are likely to have a material adverse effect on the Project.



2. The following are designated as additional general conditions precedent to withdrawal:
  - (a) Key Staff including the Project coordinator, the financial controller and the procurement specialist have been duly appointed; and
  - (b) A PIM including the Financial Administration and Accounting manual, has been approved by IFAD.
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  
Treasury Building  
George Street  
Freetown, Sierra Leone

For the Fund:

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

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

REPUBLIC OF SIERRA LEONE

\_\_\_\_\_  
Authorized Representative  
(Name and title)

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Gilbert F. Houngbo  
President

## Schedule 1

### Project Description and Implementation Arrangements

#### I. Project Description

1. Goal. The goal of the Project is the improvement of the livelihoods, food security and climate change resilience of rural farming households in Sierra Leone.
2. Objectives. The objective of the Project is to increase incomes for smallholder farmers through the promotion of agriculture as a business.
3. Target Population. The Project shall benefit about 34,000 direct beneficiaries in the 16 districts of the country (the "Project Area") and focus activities where the climatic and agro-ecological conditions are favourable for smallholders to produce cocoa, oil palm and rice. The primary target group will be smallholder producers of cocoa, rice and oil palm. Additionally, the project will target (a) farmer-based organized institutions such as Agribusiness Centres (ABCs), Farmer Organizations and cooperatives; and (b) institutions providing services or inputs such as input suppliers, agro-dealers, agents/middlemen, and processors as well as buyers/exporters. Over the life of the Project, AVDP interventions will include at least 40% women and 40% youths, and will employ mechanisms that promote gender equality and social inclusion.
4. Components. The Project shall consist of the following Components:
  - 4.1. Component 1. Climate Resilient and Smart Agricultural Production. The outcome of this component is that volume and value of production is increased, and production systems are made more climate resilient. The component will support the preparation of Business Development Plans at the level of the ABCs that will include a comprehensive plan of the investments needed to develop the productive capacities of rice, cocoa or oil palm. All investments will be assessed for their social and environmental impact through Environment and Social Management Plans. Capacity building for improved production techniques and extension will be provided using the Farmer Field School (FFS) methodology.
    - 4.1.1 Sub-Component 1.1. Support to smallholder rice production and productivity, will work with 5,000 rice farmers who have not previously benefited from the SCP/GAFSP Project, to provide technical assistance through Farmer Field Schools and financial support for the development of inland valley swamps for double or triple cropping of rice, and improved access to quality inputs and mechanized farming services. The Project will help Farmers' Organizations and ABCs mentioned above add value to paddy by improving milling capacity and quality and facilitating market linkages with off-takers. The Project will similarly provide technical assistance and training to 5,000 legacy rice farmers that have benefitted from past projects.
    - 4.1.2. Sub-Component 1.2. Support to tree crop production and productivity, will work with 9,000 farmers (5,000 cacao and 4,000 oil palm producers) each receiving support for the establishment of a one-hectare plot, who were not direct beneficiaries of the SCP/GAFSP Project. The subcomponent will enhance the economic viability and climate resilience of oil palm and cocoa farmers and link them more effectively to private sector markets. The AVDP will also continue to provide technical assistance and training for 4,000 legacy oil palm farmers who received assistance under past projects.

Replanting and new planting of cocoa sites will be supported partially by the Adaption Fund with provision of climate resilient hybrid seeds provided by the rejuvenated clonal garden of the Sierra Leone Agricultural Research Institute (SLARI). The AVDP will provide technical and support for the establishment of community nurseries to outgrow the seedlings obtained from SLARI. The replanted or new plantations will intercrop plantains, cassava, and/or timber trees for shade provision and supplementary income generation.

For oil palm, AVDP will procure improved tenera variety seeds from regional private sector suppliers and establish community nurseries. AVDP will assist farmers to carry out intercropping with food crops (e.g. groundnuts and rice) during the initial growth of infant trees to improve livelihoods and household nutrition. AVDP will not support the clearing of forest areas for tree crop plantations. Rather degraded secondary bush areas will be used for such plantings.

4.2. Component 2. Agricultural Market Development, contains two sub-components: (i) Market access and (ii) Climate resilient rural infrastructure. The expected outcome of this component is the improved performance and organization of the selected value chains for increased smallholder production and productivity.

4.2.1. Sub-component 2.1 Market Access, will focus on strengthening the business skills of ABCs, Farmer Organizations and Farmer Field Schools and facilitating value chain organization and deal making through the establishment of provincial level multi-stakeholder platforms. Key activities under this sub-component include mapping of existing value chain players, including farmer-based organisations, and the provision of capacity building according to their needs; through the multi-stakeholder platforms, the project will facilitate linkages and deal making between AVDP beneficiary organizations, input suppliers, aggregators and large scale processors and commodity buyers.

4.2.2 *Sub-component 2.2.* Climate Resilient Rural Infrastructure, financed mainly through the Adaption Fund, will rehabilitate 20 warehouses to improve product drying and storage capacity, as well as construct and rehabilitate secondary roads and farm tracks. The AVDP will use a labor-based approach to road improvement, employing local residents for certain tasks, thereby generating temporary employment opportunities. The sub-component will also finance improved water supply and sanitation among other activities.

4.3. Component 3. Project Coordination and Management. The implementation of AVDP will be anchored within the National Project Coordination Unit (NPCU) and Ministry of Agriculture and Forestry at the district level. Staffing levels at NPCU will be complemented as needed.

## II. Implementation Arrangements

5. The LPA shall be the MAF. The National Steering Committee (NSC), chaired by the Minister of MAF, shall provide oversight, direction and advice for project implementation, and in particular, approve the AWPB of the project as well its periodic progress reports. The NSC will include representation of key stakeholders including, the ministries for Finance, Economic Development and Planning, Agriculture, Trade and Industry, Local Government, Community Development, Social Welfare, Gender and Children Affairs, Lands, Country Planning and Environment, Environmental Protection Agency (EPA), Youth and Sports, Directorate of Feeder Roads of Sierra Leone Road Authority, the Chief Agricultural Officer/Technical Head of MAF, two members of Farmers Associations (one for staple crops and one for tree crops), and two private sector representatives (one for staple crops, especially rice, and the other for tree crops). The National Project Coordinator of NPCU shall be the Secretary.

6. The National Project Coordination Unit (NPCU) will be responsible for the day-to-day coordination of project activities, including project planning, financial management, contracting implementing partners for specific activities and tasks, Monitoring & Evaluation (M&E), knowledge management, supervision of project activities at the district level, facilitating linkage with governmental, private sector and development institutions, and integrating project experience, into policy dialogue. At the district level, the District Agricultural Officer of MAF will be responsible for coordinating the implementation of Project activities. He or she will be supported by a dedicated M&E Assistant as the focal point for the collation of data and reporting on project-specific activities at the district level. The M&E Assistant will work under the guidance of the M&E Officer at the NPCU.

7. A range of public and private sector service providers and implementation partners will be engaged by AVDP to facilitate Project implementation at different stages of the value chains and build the capacity of the Project target groups towards agriculture as a business. The modalities for the engagement of the service providers are specified in the description of the subcomponents and will be further detailed in the Project Implementation Manual.

## Schedule 2

## Allocation Table

1. Allocation of Loan and Grant Proceeds. 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 amounts are 100% net of taxes, Government contribution and beneficiary contribution. All eligible expenditures belonging to the categories above will be apportioned on a 50:50 pari passu basis between the Loan Financing and the Grant Financing.

Category	Loan Amount Allocated (expressed in USD)	Grant Amount Allocated (expressed in USD)
I. Civil Works	460 000	460 000
II. Goods, Equipment and Vehicles	295 000	295 000
III. Consultancies, (including technical assistance)	940 000	940 000
IV. Grants and Subsidies	2 080 000	2 080 000
V. Recurrent cost including salaries & allowances and operating cost	1 540 000	1 540 000
Unallocated(10%)	585 000	585 000
<b>TOTAL</b>	<b>5 900 000</b>	<b>5 900 000</b>

2. Start-up Costs. To facilitate a prompt start-up, withdrawals of up to USD 300 000 may be made to incur expenditures related to the Project start-up before the satisfaction of the additional general conditions precedent to withdrawal. The start-up activities may include inter alia: (i) Updating of the Project Implementation Manual; (ii) Preparation of the first AWPB & procurement plan; (iii) organization of a Start-up workshop; (iv) Fine tune the accounting software as necessary, (v) preparation of the baseline survey and (vi) finalization of the Agreement/MoU templates to be used with the implementing partners, as well as other activities as agreed with the Fund.

### Schedule 3

#### Special Covenants

The Borrower/Recipient undertakes the obligations set forth below, which constitute special covenants:

1. All the MoUs entered into by Project Parties for the implementation of Project activities shall be subject to the Fund's no objection prior to their respective signatures.
2. Accounting software. The Borrower/Recipient shall ensure that the PIU will record project expenditures in an accounting software acceptable to the Fund throughout the project life.
3. Audit arrangements. The Borrower/Recipient, through the NPCU, will appoint independent auditors acceptable to IFAD, under the terms of reference cleared by IFAD, and in line with the IFAD audit requirements. An audited annual consolidated financial statement for the entire Project, together with a management letter on audit observations on internal controls, shall be submitted to the Fund within six (6) months of the fiscal year end.

## Logical framework

Narrative Summary	Key Performance Indicators				Means of Verification			Assumptions
	Name [CORE INDICATOR (CI)]	Baseline (Y0)	Mid-Term (Y3)	End Target (Y6)	Source	Frequency	Responsibility	
Outreach	Number of households receiving services promoted or supported by the project(CI:1) [1]	0	29,000	34,000	Project M&E system	bi-annual, annual	IFAD-PIU	Commitment of all stakeholders to participate in poverty reduction efforts
<b>Goal:</b>								
Improved livelihoods, food security and climate change resilience of rural farming households in Sierra Leone	Targeted households that experience a reduction in length of hungry season from 4 to 2 months [2]	0	11,600 (40%)	20,400 (60%)	Baseline, Completion Survey or secondary data	PY1, PY6	IFAD-PIU, survey providers	N/A
	Proportion of target population below the minimum level of dietary energy consumption by gender and vulnerable groups [3]	N/A	N/A	N/A	Baseline, Compl. Survey. Secondary	PY1, PY6	IFAD-PIU, survey providers	
	Households reporting increased assets (asset ownership index) [4]	N/A	7,250 (25%)	17,000 (50%)	Baseline, Compl. Survey.	PY1, PY6	IFAD-PIU, survey providers	
<b>Project Development Objective:</b>								
Increased incomes for smallholder farmers through the promotion of agriculture as a business	Number of rural producers reporting an increase in sales (CI:2.2.5)* [5]	0	8,740 (40%) of which 3,496 youth	20,700 (90%) of which 8,280 youth	Baseline, Completion Survey	PY1, PY3, PY6	IFAD-PIU, survey providers	Government policies are stable and global demand for oil palm and cocoa do not decrease.
	Number of rural producers reporting an increase in income [6]	0	8,740 (40%) of which 3,496 youth	20,700 (90%) of which 8,280 youth	Baseline, Completion Survey	PY1, PY3, PY6	IFAD-PIU, survey providers	
Narrative Summary	Key Performance Indicators				Means of Verification			Assumptions
	Name	Baseline (Y0)	Mid-Term (Y3)	End Target (Y6)	Source	Frequency	Responsibility	
<b>Component 1: Climate-Resilient and Smart-Agricultural Production</b>								
Outcome1: Volume and value of produce increased	Number of persons reporting an increase in production (CI:1.2.4)* [7]	0	12,425 (50%)	20,700 (90%)	Baseline, MTR, Compl. Survey	PY3, PY6	IFAD-PIU, survey	Land tenure system in project districts does not pose any limitations to project activities.
	Number of persons reporting adoption of new improved inputs technologies or practices (CI:1.2.2)* [8]	0	12,425 (50%)	20,700 (90%)	Baseline, MTR, Compl. Survey	PY3, PY6	IFAD-PIU, survey providers	
	Number of persons reporting adoption of environmentally sustainable and climate-resilient technologies and practices (CI:1.2.2)*	0	6,212 (25%)	20,700 (90%)	Baseline, MTR, Compl. Survey	PY3, PY6	IFAD-PIU, survey providers	

Outputs	Number of Agri-Business Centers with improved capacity for service provision (CI: 0	88	93	M&E system	Quarterly	IFAD-PIU	Communities are involved and responsive to interventions made.
	Number of persons trained in production practice and/or technologies (CI: 1.1.4)* [11]	21,850 (8,740 youth)	23,000 (9,200 youth)	M&E system	Quarterly	IFAD-PIU	
	Number of rural producer organizations supported (CI: 2.1.3)* [12]	790	833 (FOs, new and legacy)	M&E system	Quarterly	IFAD-PIU	
	Number of supported rural producers that are part of a rural producer's organization (CI: 0	21,850 (8,740 youth)	23,000 (9,200 youth)	M&E system	Quarterly	IFAD-PIU	
	Number of hectares of land brought under climate-resilient management (CI: 3.1.4)* [14]	12,350	13,000	M&E system	Quarterly	IFAD-PIU	
	Number of farmers intercropping food crops [15]	19,665	20,700	M&E system	Quarterly	IFAD-PIU	

## Component 2: Agricultural Market Development

Outcome2: Value chain organization and performance improved	Number of rural producer's organizations engaged in formal partnerships/agreements with public or private entities (CI: 2.2.3)* [16]	0	237 (30%)	750 (90%)	Baseline, MTR, Comp. Survey	PY3, PY6	IFAD-PIU, survey providers	Stakeholders incl. agribusinesses keep interest in integrating smallholders in value chains.
	Jobs created through road construction and rehabilitation (temporary employment) [17]	0	1,000 (750 youth)	2,000 (1,500 youth)	Project M&E system	Quarterly	IFAD-PIU	
Outputs	Number of functioning multi-stakeholder platforms supported (Policy 2)* [18]	0	12	12	M&E system	Quarterly	IFAD-PIU	Commodity prices for oil palm and cocoa stay attractive.
	Number of kilometres of roads constructed, rehabilitated or upgraded	0	50	250	M&E system	Quarterly	IFAD-PIU	
	Number of families with improved access to potable water and sanitation [20]**	0	5,000	10,000	M&E system	Quarterly	IFAD-PIU	

## Legend

\* The indicator is a core RIMS indicator

\*\* Indicator will be refined in consultation with the Adaptation Fund that will finance this aspect.

S The reported data should be disaggregated by the sex of beneficiary (male or female).

Lead The reported data should be disaggregated by the sex of the head of household, small and medium-sized enterprise owner or group leader (as relevant).

Y The reported data should be disaggregated by the age status of the beneficiary ("young" or "not young") as per the national definition for youth.



## Palm oil production under AVDP: Questions and answers

Q1: What type of oil palm producers and plantations will benefit from the AVDP?

- Answer: The project will facilitate the establishment of small plots of oil palm (maximum 1 ha per plot) for approximately 4,000 smallholder producers. No large plantations will be established.

Q2: Will the establishment of any new oil palm plantation result in deforestation?

- Answer: No deforestation will take place as a result of the project. The new smallholder oil palm plantations will be established on fallow lands or abandoned agricultural lands only. This is expected to increase the carbon sequestration of the territory.

Q3: Will the establishment of any new oil palm plantation result in involuntary resettlement of project beneficiaries?

- Answer: Plantations will be established on family lands by beneficiaries with title to the lands under the existing traditional land tenure system. No resettlement, neither voluntary nor involuntary, is foreseen under the project.

Q4: What is the foreseen market for the oil palm produced under the project?

- Answer: The vast majority of the oil palm produced as a result of the project is expected to be sold on domestic markets as oil palm is widely used for cooking. National production have reduced drastically as a result of neglected plantations since the civil war (1991-2002). The small-scale traditional system relies mainly on wild plants for production which caters for domestic markets and neighbouring countries.

Q5: Has IFAD-funded projects supported oil palm production in the past in Sierra Leone?

- Answer: The ongoing IFAD supervised project, the Smallholder Commercialisation Programme financed by the Global Agricultural and Food Security Programme (SCP-GAFSP) has a tree crop component that provides supports for the establishment of 3,000 hectares of high yielding tenera oil palm plantation for a total of 3,000 beneficiaries. The proposed approach to oil palm production under AVDP therefore builds on the practices of SCP in which no infringements of the social and environmental safeguards have been registered.

Q6: Will the project be aligned to the new Roundtable on Sustainable Palm Oil (RSPO) standard for Smallholder Certification, Support and Inclusion?

- Answer: The proposed new RSPO standard for smallholder production is currently for public consultation and therefore has not been finalised. The proposed standard is however very aligned with how oil palm is currently

supported under the SCP and will be promoted under the AVDP. The draft eligibility criteria for smallholder RSPO certification is as follows:<sup>2</sup>

- I. Individual smallholder group members can demonstrate they have the legal or customary rights to use the land.
- II. Farms/smallholdings are located in areas that are outside of those classified as a national park or protected area, as defined by national law.
- III. In cases where there will be new plantings, smallholders commit that they will consult with indigenous groups and local communities, where the consultation process is appropriate to local conditions, and ensures rights and interest of affected parties are respected. (Note, exact wording pending outcomes of ongoing discussions on No Deforestation and New Planting Procedures (NPP) for smallholders).
- IV. Smallholders commit to no use of fire in preparing for re-planting or for waste management.
- V. Smallholders commit to no use of child labour. (The minimum age of workers as defined by national interpretation or law is respected, and children under the age of 18 do not carry out any work that is harmful to the health, safety or morals of children, e.g. with dangerous substances, spraying, heavy lifting, harvest). Additionally, in cases where children from the household work on the smallholder farm, this is restricted to afterschool hours, the weekend or holidays and does not interfere with schooling or education.

Q7: In the context of post conflict country such as Sierra Leone, how IFAD will ensure that sustainability and strong monitoring of environmental and social safeguards during implementation is guaranteed by the project team?

- Answer: As part of project start-up, a capacity-building exercise will be undertaken to ensure that the right capacities are in place to adequately monitor the environmental and social safeguards. This capacity-building will not only be targeted at project staff but also the service providers that will assist the farmers in the establishment of the smallholder plantation. Additionally, the management fee that IFAD will receive through the cofinancing by the Adaptation Fund will be rigorously used for supervision of the application of the social and environmental safeguards, namely the compliance with the SECAP procedures.

Q8: In the preparation of the SECAP, which has provided substantial guidance during the design and internal review process (the QE and QA reviews), did the project team carry out social and environmental assessments of all project sites such as the exact location of oil palm areas and related infrastructure?

- Answer: Sub-project sites are not identified a priori but will be identified in a demand-driven manner in consultation with the beneficiaries. However, as outlined in the Project's Environmental and Social Management Framework (ESMF), each subproject will have an Environment and Social Management Plan (ESMP) developed alongside its business plan. The ESMF with the outline and contents of the ESMP and the review process can be found in appendix 8 of the Project Design Report.

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<sup>2</sup> <https://www.rspo.org/principles-and-criteria-review/public-consultation-rspo-smallholder-standard>.