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President's report

Proposed regional grant

Permanent Interstate Committee for Drought
Control in the Sahel

in consortium with

the International Food Policy Research
Institute, a CGIAR Research Centre for

Family Farming, Regional Markets and
Cross-border Trade Corridors in the Sahel

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 24.

I. Background and compliance with IFAD Policy for Grant Financing

1. Although the Sahel is experiencing rapid economic growth, many threats to food security remain. In this region, the prevalence of undernourishment increased from 10.4 per cent in 2010 to 15.1 in 2017 according to the Food and Agriculture Organization of the United Nations (FAO). This is the result of rising inequality, rapid population growth, low agricultural productivity, insecurity and poor commercial integration at the regional level.
2. Even with the implementation of the Economic Community of West African States (ECOWAS) trade liberalization scheme, which removed tariff barriers on local agricultural commodities and food products, barriers to intra-regional trade still hamper movement from areas of production to areas of demand. More trade integration can be accomplished through: (i) enforcement of ECOWAS and West African Economic and Monetary Union (UEMOA) policies, laws and regulations on the free movement of people and goods; (ii) the elimination of road harassment; (iii) developing interlinked routes for land and sea transportation; and (iv) increasing the use of information and communication technologies.
3. The first underlying premise of this grant-funded project is that the promotion of intra-regional trade in agricultural products will boost regional growth, reduce poverty and improve food security in the region.
4. The second underlying premise concerns trade statistics, which are an important element of economic policy concerning trade, income support in rural areas and food security. Reliable trade data are particularly important in the African context considering the Malabo Declaration, which advocates for tripling intra-regional agricultural trade by 2025. These data also provide critical information for food balance sheets, which is especially important in light of statistics showing a deterioration in food security within West Africa.
5. However, there is wide consensus on the low quality of trade statistics in West Africa for agricultural and food products. This lack of high-quality data can be attributed to weak data-collection systems and the presence of informal trade flows. In this context, the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) offers the only sustainable mechanism for monitoring the cross-border flow of agro-pastoral products.
6. This proposed project incorporates efforts by institutions and regional actors to implement trade liberalization in line with African Continental Free Trade Area (AfCFTA). It will also contribute to carrying out ECOWAS and UEMOA trade and agricultural policies.
7. The project is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015)¹ and IFAD's Sahel strategy.
8. The recipient was identified through a competitive selection process in line with IFAD's grant policy and grant financing procedures based on a call for proposals, and was approved by the Director of the West and Central Africa Division.

¹ See EB 2015/114/R.2/Rev.1.

II. The proposed project

9. The overall goal of the project is to enhance food security, economic growth and resilience while reducing poverty in the Sahel and West Africa through an integrated common market. The objectives are to: (i) contribute to improved knowledge of trade in agricultural and food products in West Africa; (ii) ensure progress on the free movement of agricultural products in the region; and (iii) contribute to the formulation and implementation of regional policies and strategies for promoting trade in agricultural and food products.
10. The 17 countries targeted include all G5 Sahel countries and all other ECOWAS countries in the West, East and Central production basins: Benin, Burkina Faso, Cabo Verde, Chad, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Reduced transaction costs will allow for improved sharing of margins, resulting in higher prices for producers and lower prices for consumers, including private actors involved in transformation. In addition to transporters and traders, potential project beneficiaries include agricultural producers participating in markets and consumers in all target countries. Institutional actors would also benefit from the project through strengthened capacity and better knowledge of markets. The number of direct project beneficiaries over the three years of the project is estimated at 750,000.
11. The project is linked to IFAD regional approach in the Sahel and contributes to the United Nations Decade of Family Farming through capacity-building and policy dialogue. It particularly contributes to the fourth pillar: strengthen family farmers' organizations and capacities to generate knowledge, represent farmers and provide inclusive services in the urban-rural continuum.
12. The project also seeks to identify the location of major bottlenecks to food and nutrition security in order to generate disaggregated data. This includes estimates of: food waste and loss during transport of agricultural products; and the extent that bureaucratic processes and inappropriate trade policies affect farmers' incomes and food prices. The project is also aligned with IFAD's Nutrition Action Plan and the Rome-based agencies' joint objectives in the Sahel by seeking to improve access to food (through better regional trade) through continuous policy dialogue, local and national leadership, and multi-stakeholder approaches in cooperation with FAO and the World Food Programme (WFP).
13. The project will be implemented over three years and will have the following components: (i) operational and enabling activities at the ground level; (ii) policy dialogue, coordination and knowledge management; and (iii) project management.
14. Attention will be paid to the linkages between the grant-funded activities and IFAD investment opportunities, private-sector engagement, innovation and digital access to markets for smallholder farmers. The project will incorporate the results of research by IFAD focused on value chains in Burkina Faso. It will also liaise with the Agricultural Development and Market Access Support Project (PADAAM) in Benin, which takes a value-chain approach with rice, maize and cassava to improve food security, reduce food imports, increase value addition and enhance the products' competitiveness in national and regional markets. In addition, it is aligned with the Family Farming, Resilience and Markets Project in Guinea, and the Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndawñi) in Senegal.
15. This project is linked with the Value Chain Development Programme in Nigeria, one objective of which is to increase market access for smallholder farmers and small to medium-sized agro-processors. The recipient also signed a memorandum of understanding with the Family Farming Development Programme in Maradi, Tahoua and Zinder Regions in Niger on regional integration through trade, and is currently implementing activities to facilitate cross-border trade. During implementation, the

project team will liaise with those of other IFAD projects in the region. Discussions and exchanges with other IFAD investment projects will help to generate synergies and multiply the benefits of the activities supported by this grant.

16. This project promotes three innovations: (i) a new digital system of collecting trade data through national trade organizations; (ii) an electronic (web and mobile) platform for monitoring trade data, trade bids and offers; and (iii) a regional farmer connect digital platform (web and mobile). The latter will: link farmers with each other; connect farmers, consumers and the private sector for improved productivity and marketing; and make digital agriculture technologies available to smallholder farmers.

III. Expected outcomes and outputs

17. The project is expected to have the following outcomes: (i) reduced cross-border trade barriers by eliminating or reducing road harassment along trade corridors; (ii) simplified customs procedures and improved national dialogue on the quality of infrastructure, and the bottlenecks to rural households' access to food; (iii) improved market access and increased incomes for farmers; and (iv) lower prices for consumers – a critical element of food security.
18. Expected outputs include:
 - New data on intraregional trade in agricultural and food products made publicly available, decreased road harassment along trade corridors and minimal food losses during the transport in the target region;
 - A workshop implemented by CILSS to suggest amendments to ECOWAS and UEMOA customs procedures;
 - Two regional conferences on issues that affect regional trade in light of findings from the project;
 - A workshop gathering officials from national governments and regional economic communities devoted to regional dialogue on trade policies and strategies;
 - Detailed documentation of red tape and bottlenecks to bureaucratic processes regional trade;
 - A stock-taking document on trade policies and instruments at the national and regional levels that describes progress and obstacles to the implementation of efficient policies for promoting regional trade in agricultural and food products;
 - An estimate of the costs incurred by bureaucratic processes in the trade of agricultural products, consumption and production in West Africa;
 - An estimate of AfCFTA's impact on the trade of agricultural products, consumption and production in West Africa;
 - A document that identifies official texts that are no longer adapted to the current context of trade and whose application poses problems for control officers and traders; and
 - A translation of all official texts describing customs procedures into Arabic, English, French, Fulani, Hausa, Jula, Portuguese, and Yoruba.

IV. Implementation arrangements

19. This project will be implemented by a consortium composed of:
 - (i) CILSS, the direct grant recipient; and
 - (ii) The International Food Policy Research Institute (IFPRI), a research centre of the CGIAR.

20. Steering committee and strategic oversight: A steering committee will oversee the project and make recommendations regarding implementation and strategic direction. The steering committee will comprise representatives of project stakeholders: ECOWAS, G5 Sahel, UEMOA, CILSS, the United States Agency for International Development (USAID), FAO, WFP and other partners when appropriate. Implementers of other regional trade programmes and additional stakeholders may be invited to steering committee meetings. The steering committee will meet twice per year and IFAD will be an observer on the committee.
21. Project implementation: CILSS will be the direct implementing partner. As recipient of the grant, CILSS will have ultimate responsibility for providing financial oversight and ensuring programme results. IFPRI and the West African Association for Cross-Border Trade, in Agro-forestry-pastoral and Fisheries Products (WACTAF) will be responsible for overseeing technical implementation of project activities based on agreements signed with CILSS. A subsidiary agreement to be signed between CILSS and IFPRI (and cleared by IFAD) will enable IFPRI to receive funds from CILSS. IFPRI will report to CILSS in line with IFAD and CILSS rules and procedures. Activities implemented by WACTAF members will be financed directly by CILSS.
22. There are no deviations from the standard procedures for financial reporting and audit.

V. Indicative project costs and financing

23. The total project cost is US\$4.5 million, to be financed partially by an IFAD grant of US\$3.5 million. Cofinancing of US\$1 million will be provided by CILSS and IFPRI (both in cash and in kind), the World Bank, USAID, FAO and WFP (cash contributions). Other potential partners, including the Islamic Development Bank, have also expressed interest, opening possibilities for further expansion of the project.

Table 1

Costs by component and financier

(Thousands of United States dollars)

<i>Components</i>	<i>Recipients (CILSS/IFPRI)</i>			<i>Cofinanciers (USAID, World Bank, FAO/WFP)</i>	<i>Total</i>
	<i>IFAD</i>	<i>IFAD</i>	<i>IFAD</i>	<i>IFAD</i>	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Component 1: operational and enabling activities at the ground level	2 132.5	432.0	374.2		2 938.7
Component 2: policy dialogue, coordination and knowledge management	684.3	63.0	12.00		867.3
Component 3: project management	683.2	10.8	-		694.0
Total	3 500.0	505.8	494.2		4 500.0

Table 2
Costs by expenditure category and financier
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Recipients (CILSS/ IFPRI)</i>	<i>Cofinanciers (USAID, World Bank, FAO)</i>	<i>Total</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Consultancies	131	11	43	185
Equipment and materials	84	10	-	94
Goods, service and inputs	1 620	342	303	2 265
Training	105	-	19	124
Travel and allowances	406	-	62	468
Workshops	153	-	45	198
Salaries and allowances	813	60	20	893
Overhead	188	83	2	273
Total	3 500	506	494	4 500

VI. Recommendation

24. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Family Farming, Regional Markets and Cross-border Trade Corridors in the Sahel, shall provide a grant of three million five hundred thousand United States dollars (US\$3,500,000) to the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) for a three-year period upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo
 President

Results-based logical framework

Family Farming, Regional Markets and Cross border Trade corridors (FARM-TRAC) in the Sahel and West Africa, Logical Framework Matrix			
Narrative Summary	Indicators and Targets	Means of Verification	Important Assumptions
Overall Goal – Broader Objectives			
Enhanced Food Security, Economic Growth, Resilience, and Poverty Reduction in the Sahel and West Africa through Integrated Common Market	<ul style="list-style-type: none"> Increased regional growth rates Lower incidences of regional poverty Increased regional integration Improved food security throughout the region 	<ul style="list-style-type: none"> Government data Baseline and evaluation surveys Mid-term review Final evaluation Periodic progress reports 	<ul style="list-style-type: none"> A relatively stable economic and political landscape Manageable natural and other disasters Low or decreased levels of conflict in West Africa region Continued commitment and momentum towards regional integration Credible regional and national commitment to economic reforms Committed local partners, institutions, and CSOs Engaged private sector community
Project Purpose – Intermediate Objectives			
To Increase the Volume and Value of Intra-regional Trade in Agricultural Products	<ul style="list-style-type: none"> % change in value of intra-regional trade in targeted agricultural commodities (cereals and livestock) 	<ul style="list-style-type: none"> Data from partner organizations Baseline and evaluation surveys Mid-term review Final evaluation Periodic progress reports 	<ul style="list-style-type: none"> A relatively stable economic and political landscape Low or decreased levels of conflict in West Africa region Continued commitment and momentum towards regional integration Committed local partners, institutions, and CSOs Engaged private sector community Strong and tight coordination among development partners in trade facilitation

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▪ Outcomes				
2. Simplified customs procedures and improved national dialogue on the quality of infrastructure and on existing bottlenecks in rural households' access to food	1. Reduced cross-border trade barriers, in particular by eliminating or reducing road harassment along trade corridors	<ul style="list-style-type: none"> ▪ % reduction in cost to trade across borders ▪ % reduction in time to trade across borders 	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation
		<ul style="list-style-type: none"> ▪ Level of civic and private sector engagement in regional policy dialogues ▪ % of the economic operators aware of laws regulating regional trade 	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation
		<ul style="list-style-type: none"> ▪ % increase in country compliance to ETLS and other regional trade protocols 	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation
		<ul style="list-style-type: none"> ▪ Stronger adherence to regional trade regimes (e.g., common external tariff and ETLS) 	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation

3. Improved market access and increasing farmers' incomes and lowering consumer prices, a key element of food security	<ul style="list-style-type: none"> ▪ % reduction in time delays at checkpoints along priority West African trucking corridors reduction in the average rate of bribes paid per 100 km 	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation
Outputs – Accomplishments			
1 Access to Reliable/Relevant Information on Cross-border Trade Regularized improved	<ul style="list-style-type: none"> ▪ # of new users of MIS services ▪ Regularity of trade data and reports disseminated 	<ul style="list-style-type: none"> ▪ Data from partner organizations 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape
	<ul style="list-style-type: none"> ▪ # of integration and harmonization measures introduced and implemented ▪ Development of database ▪ # of reports and communication material distributed ▪ #of Border Information Centers established ▪ # of advocacy campaigns initiated 	<ul style="list-style-type: none"> ▪ Baseline and evaluation surveys ▪ OCA Assessments ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation
2.1 Results-oriented Trade Advocacy Agenda Institutionalized	<ul style="list-style-type: none"> ▪ # of tools introduced to track and assist national implementation of regional policies ▪ # of conferences and workshops supported ▪ # of trade policies/regulations distributed ▪ #of diagnostics and studies of trade policies initiated 	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation

<p>2.2 Effective Regional Policies/Strategies Formulated/Implemented</p>	<ul style="list-style-type: none"> ▪ # of policies/regulations/administrative procedures in each of the following stages of development as a results of USG assistance in each case: <ul style="list-style-type: none"> ○ Stage 1: Analyzed ○ Stage 2: Drafted and presented for public/stakeholder consultation ○ Stage 3: Presented for legislation/decre ○ Stage 4: Passed/approved ○ Stage 5: Passed and for which implementation has begun <p># of coordination meetings with national counterparts and private sector</p>	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports ▪ Focus group discussions 	<ul style="list-style-type: none"> ▪ A relatively stable economic and political landscape ▪ Low or decreased levels of conflict in West Africa region ▪ Continued commitment and momentum towards regional integration ▪ Committed local partners, institutions, and CSOs ▪ Strong and tight coordination among development partners in trade facilitation
<p>3.Farmers with improved access to market information and knowledge</p>	<p># of persons trained in business management and market rules</p> <p># of farmers associations and supported</p> <p># of trainings, conferences, and workshops supported</p> <p># of specific training material produced</p> <p># of MIS platforms relating to market knowledge and information improved and rationalized</p> <p># of consultation meetings on agri-food value chains promoted</p>	<ul style="list-style-type: none"> ▪ Data from partner organizations ▪ Baseline and evaluation surveys ▪ Mid-term review ▪ Final evaluation ▪ Periodic progress reports <p>Focus group discussions</p>	<ul style="list-style-type: none"> ▪