
President's memorandum
Proposed additional financing
Democratic Republic of Sao Tome and Principe
Commercialization, Agricultural Productivity and
Nutrition Project

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Action: The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 50.

Technical questions:

Sana F. K. Jatta
Regional Director, a.i.
West and Central Africa Division
e-mail: s.jatta@ifad.org

Rachel Senn
Country Director
West and Central Africa Division
e-mail: r.senn@ifad.org

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Project delivery team

Regional Director:	Sana F. K. Jatta
Country Director:	Rachel Senn
Technical Lead:	Antonio Rota
Finance Officer:	Mame Awa Mbaye
Climate and Environment Specialist:	Maam Suwadu Sakho Jimbira
Legal Officer:	Paul Edouard Clos

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Democratic Republic of Sao Tome and Principe
Executing agency:	Ministry of Agriculture, Fisheries and Rural Development
Total project cost:	EUR 19.2 million
Amount of original IFAD loan:	EUR 0.97 million (equivalent to approximately US\$1.07 million)
Terms of original IFAD financing:	The loan is extended on highly concessional terms, exempt from interest but with a fixed service fee and a repayment term of 40 years. The principal of the loan will be repaid at a rate of 2 per cent of the total principal amount per annum commencing in year 11 and up to year 20, and at a rate of 4 per cent of the total principal amount per annum commencing in year 21 and up to year 40.
Amount of original IFAD Debt Sustainability Framework (DSF) grant:	EUR 3.88 million (equivalent to approximately US\$4.26 million)
Additional grants:	EUR 0.422 million from the Rural Poor Stimulus Facility (equivalent to US\$0.444 million) EUR 0.636 million from the Norwegian Agency for Development Cooperation (equivalent to US\$0.699 million)
Amount of additional IFAD Debt Sustainability Framework grant:	EUR 4.442 million (equivalent to approximately US\$4.5 million)
Cofinanciers:	Global Environment Facility, Adaptation Fund, International Labour Organization, private sector
Amount of cofinancing:	Global Environment Facility: EUR 3.8 million Adaptation Fund: EUR 3.2 million International Labour Organization: EUR 0.8 million Private sector: EUR 0.24 million
Terms of cofinancing:	100 per cent grant
Contribution of borrower/recipient:	EUR 0.37 million
Amount of original IFAD climate finance:	EUR 0.48 million
Amount of additional IFAD climate finance:	EUR 0.44 million
Contribution of beneficiaries:	EUR 0.44 million

I. Background and project description

A. Background

1. The [Commercialization, Agricultural Productivity and Nutrition Project](#) (COMPRAN) in Sao Tome and Principe was approved by the Executive Board on 23 January 2020. It came into force on 16 June 2020 for a period of six years; the completion date is 30 June 2026. The project's initial cost was estimated at EUR 19.2 million. IFAD's contribution is EUR 4.8 million, composed of a loan of EUR 0.97 million and a grant of EUR 3.88 million. Cofinancing, mainly from the Adaptation Fund and the Global Environment Facility (GEF), is estimated at EUR 8.15 million; the Government's initial contribution at EUR 0.4 million; and the contribution of the beneficiaries at EUR 0.5 million. The project was designed with a financing gap of EUR 5.3 million, which was expected to be covered under the Twelfth Replenishment of IFAD's Resources (IFAD12) allocation cycle or by other cofinancing.
2. During implementation, the project received three additional grants that were not initially planned to finance additional key activities targeting the same project beneficiaries: two grants from the Rural Poor Stimulus Facility (RPSF) totalling US\$444,295 to strengthen the resilience of beneficiary households after the COVID-19 pandemic; and a grant of US\$699,949 in 2022 from the Norwegian Agency for Development Cooperation (NORAD) to strengthen nutrition-sensitive investments.
3. The Government has requested to use the overall IFAD12 allocation to the country, in the amount of US\$4.5 million, or EUR 4.44 million, to fill the financing gap of the COMPRAN project. The additional financing is expected to cover the main project costs after midterm as per the original cost tables and to finance the planned activities to deliver the expected outcomes of the project.

B. Original project description

4. **Development objective and main outcomes.** COMPRAN is aligned with the country strategy notes for 2019–2021 and 2022–2024 and the IFAD Strategic Framework 2016–2025. It is intended to sustainably improve incomes and food and nutrition security for smallholder producers, particularly women and young people, in Sao Tome and Principe.
5. Upon completion of the COMPRAN project cycle, the expected outcomes are as follows:
 - (i) **Wealth creation:** (i) economic and commercial partnerships; (ii) funding of 35 business plans of cooperatives bringing together 6,500 smallholder farmers; (iii) promotion of 1,500 microprojects in food and nutrition security and income-generating activities; and (iv) support for 700 youth microenterprise initiatives.
 - (ii) **Food and nutrition security:** (i) 80 per cent of women of reproductive age in the target group are consuming at least 5 of the 10 standard food groups (minimum food diversity for women) each day; (ii) 2,500 people are benefiting from nutritional support; and (iii) supported households are sensitized to nutritional issues and adopting good practices.

II. Rationale for additional financing

A. Rationale

6. The project was designed with a financing gap of EUR 5.3 million, which was expected to be filled by the IFAD12 allocation cycle or other cofinancing. In June 2022, the Government requested to use the total amount of the country IFAD12 allocation of US\$4.5 million (equivalent to EUR 4.441 million) to cover the financing gap of COMPRAN.

7. The additional financing completes the financing plan approved at design and will not exceed the total cost of the project.
8. The additional financing is expected to cover the main project costs after midterm as per the original cost tables. It will therefore be fully utilized to finance the planned activities and to ensure the delivery of the expected outcomes of COMPRAN. The funds will be used to strengthen and consolidate the development of the last area available in the country for high-altitude coffee-growing to ensure the employment of youth and women and sustainable income. This additional financing will also allow the consolidation and scaling up of the nutrition-sensitive investments financed through the NORAD grant, which will be completed in 2023, and will support supplementary policy and strategy development processes related to fisheries, irrigation and cooperative regulatory frameworks, as planned during the project design.
9. Building on lessons learned from previous IFAD operations, the additional financing will allow continuity in long-term support IFAD aimed at enabling rural households to rise out of poverty and gain access to both improved food production and higher incomes through steady long-term support to value chains. The additional financing will also allow similar continuity in building up sustainable national capacities (at the strategy and policy level, in participatory sector management and in service delivery to smallholder farmers), limiting additional pressure on public budgets and tackling the key issues in the country's rural development.
10. Furthermore, the IFAD additional financing is essential to maintain the management structure necessary for the implementation of investments funded by GEF and the Adaptation Fund until 2027.
11. COMPRAN is an existing, well-performing project and its activities have been implemented in compliance with all relevant IFAD policies. The project implementation performance was rated moderately satisfactory during the last supervision mission in December 2021. However, as the procurement component is rated moderately unsatisfactory, the project's performance in this respect will be strengthened through capacity-building benefiting: (i) the procurement officer (continuous support by an IFAD consultant; group and peer training with other Portuguese-speaking procurement officers); and (ii) all persons and public agents involved in the procurement process, through regular clinical workshops.
12. As for the disbursement rate, the indicators of potential impact delivery and the quality of implementation were rated as moderately satisfactory, while financial management was rated as satisfactory. As at 15 September 2022, IFAD original financing had been disbursed at 50.8 per cent. As a means of improving the project's disbursement rating, IFAD has put in place a new disbursement and reporting procedure requiring projects to maintain accurate cash forecasting reports to serve as a basis for disbursement. The project has an inherent risk rating of substantial and a residual risk rating of moderate. Should the inherent risk rating be found to have improved during the upcoming supervision mission, COMPRAN will benefit from straight-through disbursement processing, which is expected to reduce withdrawal application processing time.
13. During the first year of implementation in 2021, COMPRAN supported 181 households with 724 members (45 per cent of which are women-headed households). An additional 3,500 households will receive support from the project for agricultural activities and 150 households will receive support for nutrition-related activities in 2022. In addition, to respond to the negative impacts of the COVID-19 pandemic, 3,476 households (38 per cent headed by women and 26 per cent by youth) are receiving tailored support in the form of quality agricultural inputs to strengthen their resilience and food security through the RPSF funding granted in 2021 and 2022.

Special aspects relating to IFAD's corporate mainstreaming priorities

14. In line with IFAD's mainstreaming commitments, the project has been validated as:
- Including climate finance;
 - Gender transformational;
 - Nutrition-sensitive;
 - Youth-sensitive. **Climate change.** As a small island economy, Sao Tome and Principe is highly vulnerable to climate change. Rising sea levels and intensifying climate disturbances pose risks to the country. Higher temperatures and coastal erosion are the most tangible manifestations of this phenomenon. Agricultural systems, which are closely adapted to each of the multiple agroclimatic niches created by insularity and geographic relief, are being challenged, particularly by the prolongation of the long dry season. The increase in the frequency and intensity of torrential rains has intensified the threats to soils and plant cover, including in the biosphere reserves that cover a third of the country.
16. **Gender and social inclusion.** The Government adopted a national strategy on gender equity in 2007 and has set up a National Institute for the Promotion of Gender Equality and Equity to implement it. Nevertheless, the objectives, results and targets set have not been translated into concrete policies and programmes that would attenuate the imbalances between the sexes. Women represent just over 50 per cent of the population, and one third of all households are headed by women. Women's presence in parliament, government, diplomatic missions, decision-making bodies of political parties and as chief executive officers of businesses remains marginal.
17. **Nutrition.** The nutritional situation in Sao Tome and Principe is such that children under 5 have a stunting rate of 17.2 per cent, and the prevalence of emaciation is 4 per cent.¹ Micronutrient deficiency rates are alarming, with 96 per cent of preschool children and 18 per cent of girls and pregnant women suffering from vitamin A deficiencies.² Anaemia among children under 5 is 67.5 per cent, rising to 72 per cent in Principe.³
18. **Youth.** The national unemployment rate is 13.6 per cent, and young people (aged 15 to 34) account for 69 per cent of those without work. Among unemployed youth, 32.7 per cent are under 24 and 59.6 per cent are under 34. A lack of qualifications and skills and a lack of economic opportunities are among the causes of youth unemployment.

B. Description of geographical area and target groups

19. **Intervention area.** The initial project scope will remain unchanged. Activities will be implemented in rural areas on both islands of Sao Tome and Principe.
20. **Target groups.** The project will reach 8,000 rural households and 700 young promoters of economic initiatives, totalling 34,800 people, of whom 40 per cent will be women and 50 per cent young people. The number and structure of the initial target groups remain unchanged.

¹ National Institute of Statistics. 2016. Sao Tome and Principe Multiple Indicator Cluster Survey 2014, Final Report.

² World Bank Group. 2015. Nutrition at a Glance: São Tomé and Príncipe.

³ Revisão estratégica "Fome Zero" – Horizonte 2030, Relatório Final. 2018.

C. Components, outcomes and activities

21. The three components of COMPRAN remain unchanged:
- (i) **Component 1: Consolidation and development of business relations in value chains.** COMPRAN strengthens the economic inclusion of producers in value chains focusing on: (i) developing sustainable business partnerships involving private actors that are financially profitable and mutually beneficial for producers and their economic partners; and (ii) building the capacities of actors involved in value chain promotion or operations.
 - (ii) **Component 2: Promotion of well-performing resilient production systems in value chains.** COMPRAN supports the development of productive capital by investing in: (i) facilitating sustainable access to inputs, especially quality plant material, and the adoption of environmentally friendly and climate-resilient technologies and good practices, in accordance with IFAD's approach in small island developing states; (ii) improving nutritional status by educating the members of family farms, particularly women; and (iii) putting in place infrastructure to improve productivity, facilitate market access and ensure optimal farm management.
 - (iii) **Component 3: Coordination, management and monitoring and evaluation (M&E).** This component manages all of the operating arrangements provided for in the project implementation manual. It serves as the project's reference for recording achievements and for analysing performance and impact in line with the project's development objectives as set forth in the country strategy note.

D. Costs, benefits and financing

Project costs

22. The original total cost of the project was EUR 19.2 million over a six-year period. Base costs were EUR 18.5 million. Taxes represented 1.2 per cent of total cost, or EUR 0.223 million. The project investment cost and recurring costs were, respectively, EUR 16.7 million, or 91 per cent of base costs, and EUR 1.7 million, or 9 per cent of base costs. Physical and financial contingencies were EUR 0.18 million and EUR 0.6 million.
23. The revised cost of the project, which takes into consideration the three additional grants and the additional IFAD financing, is EUR 19.21 million over a six-year period. Base costs are EUR 18.48 million. Taxes represent 1 per cent of total cost, or EUR 0.2 million. The project investment cost and recurring costs are, respectively, EUR 16.74 million, or 91 per cent of base costs, and EUR 1.73 million, or 9 per cent of base costs. Physical and financial contingencies are EUR 0.17 million and EUR 0.55 million.
24. Component 2 is partially counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the revised total amount of IFAD climate finance for this project is estimated as EUR 0.92 million.
25. The total amount of additional IFAD climate finance for this additional financing proposal is estimated as EUR 0.444 million.

Table 1
Original and additional financing summary
 (Thousands of euros)

	<i>Original financing*</i>	<i>Additional grants</i>	<i>Additional financing</i>	<i>Revision to other contributions</i>	<i>Total</i>
IFAD loan	970	-	-	-	970
IFAD grant	3 880	-	4 442	-	8 322
Other cofinanciers	8 152	-	-	(105)	8 047
Financing gap	5 279	-	-	-	-
Beneficiaries	534	-	-	(91)	444
Borrower/recipient	386	-	-	(10)	376
NORAD grant	-	636	-	-	636
RPSF grant	-	422	-	-	422
Total	19 202	1 058	4 442	(206)	19 217

* See table 1 in document EB 2020/LOT/P.1/Rev.1 for detailed breakdown.

Table 2
Additional financing: project costs by component (and subcomponent) and financier
 (Thousands of euros)

<i>Component/subcomponent</i>	<i>Additional DSF grant</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>
1. Consolidation and development of business relations in value chains			
1.1. Economic partnerships and support for income- generating activities	864	19	864
1.2. Capacity-building for actors	1 121	26	1 121
2. Promotion of well-performing resilient production systems in value chains			
2.1. Access to inputs, agricultural advisory services and environmental education	295	7	295
2.2. Nutritional education and social inclusion	424	10	424
2.3. Infrastructure development	174	4	174
3. Coordination, management and M&E	1 564	35	1 564
Total	4 442	100	4 442

Table 3
Additional financing: project costs by expenditure category and financier
 (Thousands of euros)

<i>Expenditure category</i>	<i>Additional DSF grant</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>
1. Civil engineering and works	174	4	174
2. Equipment and materials	9	0	9
3. Services	2 615	57	2 615
4. Support fund	655	15	655
5. Salaries and benefits	918	21	918
6. Operating costs	71	2	71
Total	4 442	100	4 442

Table 4
Project costs by component and project year (PY)
 (Thousands of euros)

<i>Component/subcomponent</i>	<i>PY1</i>		<i>PY2</i>		<i>PY3</i>		<i>PY4</i>		<i>PY5</i>		<i>PY6</i>		<i>PY7</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>	<i>Amount</i>
1. Consolidation and development of business relations in value chains															
1.1. Economic partnerships and support for income-generating activities	-	-	732	21	1 195	25	1 219	26	733	27	293	30	13	3	4 186
1.2. Capacity-building for actors	166	8	685	20	720	15	830	17	474	18	107	11	4	1	2 988
Subtotal	166	8	1 417	41	1 915	41	2 049	43	1 207	45	400	41	17	5	7 175
2. Promotion of well-performing resilient production systems in value chains															
2.1. Access to inputs, agricultural advisory services and environmental education	-	-	434	12	829	18	834	18	356	13	127	13	-	-	2 582
2.2. Nutritional education and social inclusion	1 048	49	253	7	368	8	274	6	147	6	96	10	37	8	2 226
2.3. Infrastructure development	495	23	752	22	1 115	24	1 202	25	611	23	-	-	-	-	4 177
Subtotal	1 544	72	1 440	41	2 313	49	2 311	48	1 115	42	223	23	37	8	8 986
3. Coordination, management and M&E	445	21	619	18	473	10	406	9	348	13	345	36	421	88	3 056
Total	2 155	100	3 476	100	4 703	100	4 768	100	2 670	100	969	100	476	100	19 217

Financing and cofinancing strategy and plan

26. The financing and cofinancing strategy and plan remain unchanged. The project financing plan is as follows: (i) EUR 9.29 million from IFAD, or 48.3 per cent of total project cost; (ii) EUR 3.2 million from the Adaptation Fund, or 16.7 per cent; (iii) EUR 3.8 million from the Global Environment Fund, or 19.6 per cent; (iv) EUR 0.8 million from the International Labour Organization for technical expertise, or 4.3 per cent of total cost; and (v) EUR 0.245 million from the private sector in financing for economic partnership business plans, or 1.3 per cent. The contribution of the Government will be mainly in the form of tax exemptions and contributions in kind, in an amount of EUR 0.37 million, or 2 per cent of total cost. The contribution of beneficiaries (to financing economic partnership business plans, microprojects for income-generating activities or youth microenterprises) is estimated at EUR 0.44 million, or 2.3 per cent of total cost, part of which could be mobilized from financial institutions in the form of credit.
27. Expected contributions from the private sector, the Government and the beneficiaries were slightly revised in line with available additional resources.

Disbursement

28. A designated account will be opened for the IFAD additional financing. Administration, management and disbursement will take place in accordance with the provisions prevailing at IFAD. Upon fulfilment of the disbursement conditions set forth in the financing agreement, IFAD will, at the request of the recipient, transfer the initial deposit determined for the designated account. The amounts of initial advances will be specified in the letter to the recipient.

Summary of benefits and economic analysis

29. **Financial analysis.** The financial profitability of the activities supported by COMPRAN was evaluated on the basis of financial indicators such as the economic internal rate of return (EIRR), the net present value (NPV) and the profit-cost ratio. The profitability rates for all the activity models are above 20 per cent and the benefit-cost ratios above 1.
30. **Economic analysis.** The overall internal rate of return (IRR) of COMPRAN is 10.2 per cent and the NPV of the economic net cash flow generated would be 176.4 million dobras (EUR 6.8 million). Considering the environmental benefits, the IRR is 11 per cent, with an NPV of EUR 8.3 million. This preliminary result is satisfactory, as some benefits have not been considered in the analysis.
31. **Sensitivity analysis.** A sensitivity analysis was carried out to test the variation of the EIRR under the assumption of a reduction in benefits (decrease in agricultural yields and prices, increase in input prices, delay in implementation). The results show that the EIRR is sensitive to a decrease in selling prices or yields and an increase in costs, with a 20 per cent drop in revenues leading to an IRR of 7.2 per cent, while a 10 per cent and 20 per cent increase in costs would result in IRRs of around 8.9 per cent and 7.7 per cent, respectively. A one-year delay in the implementation of the project would result in an IRR of 8.5 per cent and a two-year delay, in an IRR of 7 per cent.

Exit strategy and sustainability

32. COMPRAN assigns priority to ownership by both beneficiaries and the technical entities of the Ministry of Agriculture, Fisheries and Rural Development (MAPDR). The approach adopted is based on capacity-building, skills transfer and steering instruments. The project thus positions itself as a facilitator. Farmers' organizations are placed at the heart of all investments and will be fully involved in the development and management of economic and commercial partnerships.
33. Community governance will be established around collective infrastructure, with active involvement of women and youth in management and monitoring bodies. Guidance, advisory assistance and education on environmental and nutritional

issues will facilitate the adoption of good practices. Strengthening of technical functions within MAPDR will prepare the ministry to fully provide effective project management, sector coordination, an enabling policy environment for public and private investment and effective institutional leadership.

III. Risk management

A. Risks and mitigation measures

34. An update of the risks identified at design stage and related mitigation measures are detailed in the table below.

Table 5
Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political/governance: Political instability mainly during election periods.	High	Strengthen capacities of key institutions to ensure continuity.
Macroeconomic: Being structurally dependent on imports and foreign capital inflows, the country is highly vulnerable to crises affecting the global economy and logistics chains, such as the COVID-19 pandemic and the war in Ukraine.	High	Support domestic production to substitute some food imports; increase high value added agricultural exports and promote technical packages requiring as little imported input as possible (bioproduction, solar energy, gravity irrigation, etc.).
Sector strategy and policy: Because of its limited human resources base and its structural public budget deficit, the country cannot afford a full range of public services, including at the strategy and policy design levels.	Moderate	Under the oversight of public authorities, promote and support active coordination within the agricultural sector in implementing innovative and participatory mechanisms that will not create additional public recurrent costs; consolidate the donor rural development group; and facilitate policy dialogue and operational collaborations at the technical level through open and dynamic task-oriented working groups.
Institutional capacity: Owing to its small size, its limited human resources base (understaffing and high turnover) and its structural public budget deficit, the capacity of the country's public institutions remains structurally limited.	High	Strengthen capacities of producers' organizations, particularly cooperatives. Provide support (technical assistance, training, equipment and operating costs) to strategically selected tasks forces within public institutions, avoiding unessential additional recurrent costs in the public sector.
Portfolio: Weak project management capacity.	Moderate	Ensure a stable programme management structure; make available sufficient budget to cover administrative requirements and M&E. Partner with sovereign technical entities, farmers and service providers, and conduct periodic progress review meetings between project management units and country teams.
Fiduciary:		
Financial management: Lack of qualified human resources.	Substantial	Continue to strengthen staff capacities in financial management and establish an internal audit system for projects.
Procurement: Limited procurement expertise.	Moderate	Build the capacity of the procurement staff and other public agents involved in the process; operationalize the procurement manual by setting up systems to detect and identify procedural violations.
Environment and climate: Increased risk of violent episodes, such as flash floods, and modification of rainfall patterns, could alter the agroecological vocation of many microzones, mainly through extension of the dry season and more rainfall irregularities. Increased human pressure as a result of population growth.	Moderate	Build the resilience of existing systems by proposing innovative mitigation and adaptation measures, particularly in irrigation and agroforestry. Continue to support good community preservation practices and public management of natural resources.
Social: With high unemployment and very limited potential for extending cropped areas, agriculture can only create a limited number of additional jobs. Urban population and poverty are increasing as are related risks of social unrest.	Moderate	Redistribute abandoned plots of land to women, young people or persons with disabilities and support them in developing high value added agricultural activities. Facilitate a "virtuous" transition between generations in the existing agricultural sector. Develop the very few hundred hectares still available (mainly through gravity irrigation).
Overall	Moderate	Close monitoring and regular support and supervision missions

B. Environment and social category

35. COMPRAN is classified as a category B operation, as it is not expected to have any substantial adverse environmental or social impact. The irrigated areas will not exceed 100 contiguous hectares and the agricultural tracts to be rehabilitated will not exceed 10 continuous kilometres.

C. Climate risk classification

36. COMPRAN is considered to present a moderate climate risk. The project has a strategy that places environmental, social and climate issues at the core of its interventions. It builds in environmental dimensions as a cross-cutting approach in all components, and will finance environmental information, education, communication and monitoring activities.

IV. Implementation

A. Compliance with IFAD policies

37. Activities implemented by COMPRAN are compliant with all relevant IFAD policies, including gender, youth and social inclusion, nutrition, climate change, biodiversity, environment and natural resources management policies, as well as Social, Environmental and Climate Assessment Procedures (SECAP).

B. Organizational framework

Management and coordination

38. The project is being implemented under the leadership of MAPDR, which chairs the national steering committee. In Principe, a regional participatory planning committee was set up and is chaired by the secretary of economic affairs for the region.

39. **Coordination.** The project organizational chart remains unchanged. The project management unit is located in Sao Tome, with a regional team based in Principe, and performs administrative and accounting, planning and M&E functions, in addition to the required technical functions for the implementation and the management of the additional financing.

Financial management, procurement and governance

40. **Financial management.** The financial management operational system and team are in place. The financial management of COMPRAN was rated as satisfactory during the last supervision mission. However, the financial management risk was assessed as substantial in January 2022; mitigation measures have been undertaken, including capacity-building of key staff and close regular support and follow-up by IFAD.
41. **Procurement.** A procurement officer was recruited and capacity-building for the project team and key agents involved in the procurement process has started. The project procurement risk is assessed as moderate.
42. **Governance.** Sao Tome and Principe has made progress on political governance, but challenges remain in terms of security, the rule of law and economic prospects. Transparency International, on its 2021 Corruption Perceptions Index, ranked the country 66th out of 180 countries, up from 72nd in 2013. The rural sector performance score assigned by IFAD is 3.5.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

43. **Planning and M&E.** Planning is done annually, following consultation with all implementation partners and based on investment projections agreed during preparation of the annual workplan and budget and submitted to the national steering committee for validation prior to its transmission to IFAD for no objection. The M&E system is in place to keep the project management unit staff and other

stakeholders informed of the project performance and implementation effectiveness, which will enable them to make decisions on a results basis and to assess and document early project results and impact.

44. **Knowledge management and communication.** From project start-up, a knowledge management and communication strategy was developed and implemented to provide a sustainable platform for technical know-how for producers, to enable knowledge to be generated based on the project experience in the various areas concerned and to support policy dialogue and engagement.
45. **Innovation and scaling up.** A holistic and inclusive approach has been adopted to improve the incomes and food security of beneficiaries. This approach facilitates emerging local competencies to disseminate resilient techniques and practices, promote farmer field schools, offer support and advisory services and disseminate good practices in nutrition. The COMPRAN project scales up the commercial agriculture approach with improved operating arrangements and will develop South-South and Triangular Cooperation in order to build national capacities.

D. Proposed amendments to the financing agreement

46. Subject to the approval of this additional financing by the IFAD Executive Board, the financing agreement will be amended accordingly. This financing complements the financing plan initially approved at project design and does not entail any change in the project description, area or target group, nor does it require the creation of any new expense category.

V. Legal instruments and authority

47. An amendment to the financing agreement between the Democratic Republic of Sao Tome and Principe and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. The signed financing agreement will be amended following approval of the additional financing.
48. The Democratic Republic of Sao Tome and Principe is empowered under its laws to receive financing from IFAD.
49. I am satisfied that the proposed additional financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

50. I recommend that the Executive Board approve additional financing in terms of the following resolution:

RESOLVED: That the Fund shall provide a grant under the Debt Sustainability Framework to the Democratic Republic of Sao Tome and Principe, in an amount of four million four hundred and forty-one thousand, five hundred euros (EUR 4,441,500) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Logical framework incorporating the additional financing (unchanged)

Synthèse/Résultats	Indicateurs clés de vérification ^{4&5}				Moyens de vérification			Hypothèses
	Nom	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
Objectif général								
Contribuer à la réduction de la pauvreté et à la croissance économique rurale	1. Nombre de personnes touchées au sein des ménages appuyés * ⁶	0	16 000	38 000	Enquête de référence, Evaluation d'impact	Trimestrielle	Unité de coordination	Contexte sociopolitique et conditions favorables à la mise en œuvre du projet.
	2. Taux de réduction du pourcentage de ménages vivant en-dessous du seuil de pauvreté parmi les ménages appuyés	0	10%	35%		Année 1, 3 et 6	Unité de coordination	
Objectif de développement								
Améliorer durablement les revenus et la sécurité alimentaire et nutritionnelle des petits producteurs, en particulier des femmes et des jeunes	3. Nombre de ménages recevant les services promus par le projet * (Dont pourcentage de ménages avec une femme chef de famille)	0	4 000 (43%)	8 000 (43%)	SSE du projet	Trimestrielle	Unité de coordination	Mobilisation et efficacité des dispositifs d'appui
	4. Pourcentage de ménages déclarant une augmentation de revenus	0	30%	75%	Enquêtes de référence et enquêtes d'impact	Annuelle à partir de l'année 3	Unité de coordination	
	5. Pourcentage de femmes âgées de 15 à 49 ans qui consomment au moins 5 groupes d'aliments sur 10 ⁷ par jour (CI.1.2.8. MDD-W)	0	40%	80%	Enquêtes spécifiques	Mi-parcours et fin de projet	Unité de coordination/ Prestataires	
	6. Score selon l'indice d'égalité genre et autonomisation des femmes (Pro-WEAI) ⁸	0	40%	80%	Enquêtes Pro-WEAI			
Effet 1: La valeur ajoutée générée par les filières est augmentée	7. Pourcentage d'organisations de producteurs déclarant une augmentation de profit d'au moins 30%* (2.2.2)	0	30%	75%	Registres et comptes des coopératives	Annuelle à partir de l'année 3	Unité de coordination	Qualité et compétitivité de l'offre des matières premières et/ou transformées dans les filières
Produit 1.1 : L'accès durable des petits producteurs aux	8. Nombre de partenariats économiques viables	0	3	7	Enquêtes périodiques	Annuelle à partir de l'année 3	Unité de coordination	Disponibilité de services de facilitation et

⁴ Désagrégés par genre et âge (hommes, femmes et jeunes)

⁵ * Indicateurs de base du Système de mesure des résultats opérationnels (SMRO)

⁶ Dont bénéficiaires hommes/femmes/jeunes ; bénéficiaires des actions environnementales durables et bénéficiaires des actions sur la nutrition

⁷ Les 10 aliments concernés sont : (i) grains, racines et tubercules blancs et plantains ; (ii) légumineuses (haricots, pois et lentilles) ; (iii) noix et graines ; (iv) produits laitiers ; (v) viande, volaille et poisson ; (vi) œuf ; (vii) légumes à feuilles vert foncé ; (viii) autres fruits et légumes riches en vitamine A ; (ix) autres légumes ; (x) autres fruits

⁸ Il s'agit d'utiliser l'Indice d'autonomisation des femmes dans l'agriculture au niveau projet (Pro-WEAI) conçu pour évaluer l'impact des projets de développement agricole avec des indicateurs portant sur la liberté de mouvement et les attitudes à l'égard de violence domestique fondée sur le genre. Pro-WEAI utilise les données d'enquête des adultes auto-identifiés, hommes et femmes, âgés de 18 ans et plus, appartenant au même ménage. Les ménages sont classés comme ayant une parité entre les sexes si la femme est autonomisée (son score d'autonomisation est supérieur ou égal à 80%) ou si son score est supérieur ou égal au score d'autonomisation du décideur de sexe masculin de son ménage.

Synthèse/Résultats	Indicateurs clés de vérification ^{4&5}				Moyens de vérification			Hypothèses
	Nom	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
opportunités de marché est facilité	9. Nombre de plans d'affaires financés*	0	15	35	Coopératives/Unions/Assoc. SSE du projet	Trimestrielle	Unité de coordination	d'intermédiation pour l'accès au marché Bonne coopération Sud-sud
	10. Nombre de producteurs affiliés accédant au marché à travers les partenariats* (2.1.4)	0	3 500	6 500				
	11. Nombre de personnes accompagnées dans le lancement d'une AGR* (2.1.2)	0	700	1 500				
Produit 1.2: Les acteurs autour des filières sont renforcés	12. Nombre d'organisations (coopératives) de producteurs professionnalisés*	0	6	10	Partenaires SSE Projet	Trimestrielle	Unité de Coordination	Dispositifs d'appui disponible
	13. Nombre de jeunes formés et insérés dans les microentreprises (2.1.2)*	0	300	700				
Effet 2 : La productivité et la résilience des systèmes de production dans les filières sont améliorées	14. Pourcentage de producteurs déclarant l'adoption de techniques, technologies et pratiques résilientes appropriées* (1.2.3)	0	35%	80%	Enquêtes Effets	Annuelle à partir de l'année 2	Unité de Coordination	Conditions climatiques favorables Engagement des services de recherche et vulgarisation Mobilisation de la coopération Sud-sud
Produit 2.1: L'accès aux intrants, aux services de conseil agricole et à l'éducation environnementale est amélioré	15. Nombre de producteurs ayant accès aux facteurs de production et/ou aux paquets technologiques et pratiques résilientes (1.1.3)	0	3 500	6 000	Registres coopératives, Assoc, Unions/ Prestataires/ SSE	Annuelle	Unité de Coordination	Disponibilité des intrants et mobilisation effective des technologies
	16. Nombre de producteurs bénéficiant de services-conseil et d'un encadrement de proximité *	0	2 500	5 000		Semestrielle	Unité de Coordination	Compétences locales disponibles pour l'encadrement
Produit 2.2: L'alimentation des ménages est améliorée et diversifiée	17. Nombre de ménages bénéficiant d'un appui ciblé pour améliorer leur nutrition* (C.I. 1.1.8)	0	150	400		Annuelle	Unité de Coordination/ Prestataires	Expertise en nutrition disponible
Produit 2.3 : Des infrastructures durables améliorent la productivité et l'accès au marché	18. Nombre de kilomètre de pistes agricoles réhabilitées et de tronçons de pistes agricoles améliorées (2.1.5)	0	13	15	Rapports d'activités des prestataires SSE	Semestrielle	Unité de Coordination	Célérité du système de passation des marchés
	19. Nombre d'ha aménagés pour l'irrigation * (1.1.2)	0	300	600				
	20. Nombre de magasins stockage et d'aires de séchages construits/réhabilités (2.1.6)	0	11	14				

Updated summary of the economic and financial analysis

Table A. Financial cash flow models

Republique de Sao-Tomé et Principe													
A)	MODELES DE PRODUCTION AGRICOLE					MODELES DE MICROPROJETS			MODELES DE MICROENTREPRISES JEUNES		MODELES DE PARTENARIATS COMMERCIAUX		
	Cacao, banane, tapioca	Poisson	Manioc-mais	Manioc	Marachage mixte	Poisson séché	Farine de manioc	Elevage Porc	Elevage de poulet	Commercialisation de produits agricoles	PCS-Miel	AP-Ananas	AP-Poisson
AN1	-33 452	-8 796	-7 138	-8 604	-24 930	-13 359	-30 954	-71 050	-25 037	-6 465	-150 785	-867 087	-10 386 481
AN2	-3 236	-8 100	1 381	690	4 337	1 586	16 045	20 559	9 122	5 875	25 211	30 067	769 276
AN3	3 444	-1 977	2 983	3 105	12 564	12 102	14 045	19 809	8 472	5 297	38 532	71 910	1 400 232
AN4	7 394	-1 284	4 283	4 405	14 144	14 452	16 045	20 559	9 222	5 920	38 532	207 964	2 735 099
AN5	6 624	5 638	2 983	3 105	12 564	12 102	14 045	15 809	6 672	5 320	38 532	154 900	3 106 222
AN6	10 173	6 096	4 283	4 405	14 144	14 452	16 045	9 359	3 801	5 370	532	167 938	-941 468
AN7	9 698	6 471	2 983	3 105	12 564	12 102	14 045	19 809	8 472	5 320	38 532	98 740	2 793 312
AN8	10 998	6 921	4 283	4 405	14 144	14 452	16 045	20 559	9 222	5 920	38 532	212 824	3 352 312
AN9	9 698	6 471	2 983	3 105	12 564	12 102	14 045	15 809	6 672	5 320	38 532	92 569	3 136 312
AN10	10 998	6 921	4 283	4 405	14 144	14 452	16 045	20 559	9 222	5 920	38 532	212 824	5 212
AN11	8 873	5 646									532	165 520	381 532
AN12	10 998	6 921									38 532	212 824	2 891 312
AN13	9 698	6 471									38 532	147 740	2 597 312
AN14	10 998	6 921									38 532	212 824	3 352 312
AN15	9 698	6 471									38 532	210 954	3 352 312
AN16	10 173	6 496											
AN17	9 698	6 271											
AN18	10 998	7 121											
AN19	9 698	6 671											
AN20	29 131	7 121											
TRI (financier)	18,7%	19,1%	38,4%	30,7%	40,3%	63,1%	47,8%	21,4%	29,3%	87,3%	19,1%	13,2%	15,3%
VAN (@9%, Dobra)	35 477	19 888	11 409	10 038	42 832	50 692	54 996	34 952	20 700	24 790	88 311	237 119	4 176 602
VAN (@9%, Euro)	1 448	612	466	410	1 768	2 069	2 245	1 427	645	1 012	3 605	9 676	170 474
Ratio B/C	2,31	1,20	1,85	1,95	2,73	1,34	1,56	1,02	1,07	1,11	1,63	1,03	1,07

Table B. Programme/project costs and logframe targets

COÛTS DU PROJET ET INDICATEURS DU CADRE LOGIQUE			
COÛT TOTAL DU PROJET en millions d'Euros		19,04	Coût de base (millions d'Euros)
			18,32
Bénéficiaires (personnes)		34 800	
Coût par bénéficiaire		547 Euro par personne	
Composantes	Coût total	Effets et Indicateurs	
Consolidation et développement des relations d'affaires dans les filières	7,18	La valeur ajoutée générée par les filières est augmentée	% d'organisations de producteurs déclarant une augmentation de profit d'au moins 30%*
Promotion de systèmes de production performants et résilients dans les filières	8,99	La productivité et la résilience des systèmes de production dans les filières sont améliorées	% de producteurs déclarant l'adoption de techniques, technologies et pratiques résilientes appropriées
Coordination et Gestion du Projet	2,88		

Table C. Main assumptions and shadow prices

		PRINCIPALES HYPOTHESES & PRIX DE REFERENCE						
FINANCIERE	Produits a/	Unité	rendements	Prix (Dobra)	Intrants	Unité	Prix (Dobra)	
	Cacao	Kg	74%	53	Plants de cacao	Unité	15	
	Poivre	Kg	131%	196	Plants de poivre	Unité	15	
	Manioc	Kg	41%	10	Bouture améliorée de manioc	Unité	2,5	
	Maïs	Kg	185%	15	Semence améliorée de maïs	Unité	20	
	Tomate	Kg	25%	15	Compost	Kg	0,8	
	Poivron	Kg	20%	50	Sulfate de cabro	Kg	80	
	Oignon	Kg	22%	30	CAL	Kg	20	
	Poulet	Unité	N/A	130	Poussin	Unité	20	
	Porc	Unité	N/A	6 500	Main d'œuvre	Jour	100	
	Miel brute	Kg	50%	160	Aliments bétail	Kg	10	
Ananas	Kg	N/A	30					
ECONOMIQUE	Taux de change Officiel (OER)			24,5	Coût d'opportunité du capital (financier)			9,0%
	Taux de change de référence (SER)			25,7	Coût d'opportunité du capital social			6,0%
	Facteur de conversion Standard			1,1	Facteur de conversion Output local			1,00
	Labour Conversion factor			0,86	Facteur de conversion Intrants			0,99

Table D. Beneficiary adoption rates and phasing

		2020	2021	2022	2023	2024	2025	2026	Total
Modèles de production agricoles	Cacao- Poivre								
	Bénéf. Totaux	-	-	139	180	-	-	-	319
	Bénéf. Adoptant	80%	-	111	144	-	-	-	255
	Culture vivrière								
Bénéf. Totaux	-	-	270	1 471	1 473	-	-	3 214	
Bénéf. Adoptant	80%	-	216	1 177	1 178	-	-	2 571	
Modèles microprojets et microentreprises jeunes	Microprojets								
	Bénéf. Totaux	-	-	50	400	550	500	-	1 500
	Bénéf. Adoptant	85%	-	43	340	468	425	-	1 275
	Microentreprises jeunes-Insertion								
	Bénéf. Totaux	-	-	-	440	160	-	-	600
	Bénéf. Adoptant	70%	-	-	308	112	-	-	420
Microentreprises jeunes-Renforcement									
Bénéf. Totaux	-	-	-	-	13	-	-	13	
Bénéf. Adoptant	80%	-	-	-	-	10	-	10	
Modèles d'amélioration de la valeur ajoutée (partenariats)	Partenariat standard simple								
	Bénéf. Totaux	-	-	-	18	7	-	-	25
	Bénéf. Adoptant	90%	-	-	16	6	-	-	23
	4P								
Bénéf. Totaux	-	-	-	5	2	-	-	7	
Bénéf. Adoptant	90%	-	-	4	2	-	-	6	

Table E. Economic cash flow

E)									
		BENEFICES NETS ADDITIONNELS (BNA) ECONOMIQUES EN MILLIONS DOBRAS						COUTS ECO. NETS ADD (Dobra)	AVANTAG. ECO. NETS ADD (Dobra)
		Modèles de production agricole	Modèles de Microprojets	Modèles micro- entreprises jeunes	Modèles de partenariats commerciaux	Pistes rurales	TOTAL BNA (Dobra)		
A N A L Y S E E C O N O M I Q U E	AN1	0	0	0	0	-1 342 110	-1 342 110	53 832 176	-55 174 286
	AN2	0	0	0	0	-12 974 465	-12 974 465	90 179 223	-103 153 688
	AN3	-5 586 876	-1 489 545	0	0	-5 199 605	-12 276 026	125 333 474	-137 609 500
	AN4	-29 701 695	-7 264 336	-7 812 198	-2 308 816	23 297 063	-23 789 982	130 857 848	-154 647 830
	AN5	-18 531 101	-3 219 634	4 478 244	-473 571	36 749 077	19 003 016	75 320 283	-56 317 267
	AN6	18 934 290	973 351	9 501 728	805 107	39 601 704	69 816 179	27 060 653	42 755 526
	AN7	29 123 870	17 533 404	9 676 055	889 029	39 601 704	96 824 062	13 943 658	82 880 403
	AN8	29 846 496	16 425 538	8 979 788	889 029	39 601 704	95 742 555	10 330 546	85 412 008
	AN9	30 370 765	16 440 802	7 871 528	307 190	39 601 704	94 591 990	10 330 546	84 261 444
	AN10	30 459 119	16 207 017	8 924 544	662 758	39 601 704	95 855 142	10 330 546	85 524 596
	AN11	30 483 050	17 533 404	9 676 293	889 029	39 601 704	98 183 480	10 330 546	87 852 934
	AN12	30 459 119	16 605 496	8 979 788	889 029	39 601 704	96 535 135	10 330 546	86 204 589
	AN13	30 661 742	17 400 556	9 485 749	889 029	39 601 704	98 038 780	10 330 546	87 708 234
	AN14	32 046 832	17 321 069	9 320 834	307 190	39 601 704	98 597 630	10 330 546	88 267 083
	AN15	32 182 065	17 963 776	9 254 975	662 758	39 601 704	99 665 279	10 330 546	89 334 732
	AN16	32 159 116	17 963 776	9 254 975	889 029	39 601 704	99 868 601	10 330 546	89 538 054
	AN17	32 182 065	17 963 776	9 254 975	889 029	39 601 704	99 891 549	10 330 546	89 561 003
	AN18	32 075 130	17 963 776	9 254 975	889 029	39 601 704	99 784 614	10 330 546	89 454 068
	AN19	32 079 307	17 963 776	9 254 975	889 029	39 601 704	99 788 792	10 330 546	89 458 245
	AN20	32 155 033	17 963 776	9 254 975	889 029	39 601 704	99 864 518	10 330 546	89 533 971
Sans bénéfices environnementaux						Avec bénéfices environnementaux			
VAN@ 6 % (Dobra)				176 392 885		VAN@ 6 % (Dobra)		215 674 180	
VAN@ 6 % (Euro)				6 856 412		VAN@ 6 % (Euro)		8 383 280	
TRIE				10,2%		TRIE		11,0%	

Table F. Sensitivity analysis

ANALYSE DE SENSIBILITE				
	Δ%	Lien avec la matrice des risques	TRIE	VAN ("million "Euros)
Scénario de base			10,2%	6,9
Coût du Projet	10%	Hausses du prix des intrants, des équipements et matériels de production/transformation du coût de l'énergie	8,9%	5,0
Coût du Projet	20%		7,7%	3,1
Coût du Projet	30%		6,6%	1,2
Bénéfices	-10%	Facteurs affectant les prix de vente des produits, la baisse du taux d'adoption et des rendements	8,7%	4,3
Bénéfices	-20%		7,2%	1,7
Bénéfices	30%		4,1%	2,7
Bénéfices retardés d'1 an		Combinaison des risques liés à la mobilisation du groupe cible , volonté politique favorable au renforcement des fonctions techniques régaliennes et la capacité d'exécution du projet	8,5%	4,3
Bénéfices retardés de 2 ans			7,0%	1,8
Bénéfices retardés de 3 ans			5,7%	0,5