



AFRICAN DEVELOPMENT BANK

PROJECT: FOOD AND AGRICULTURE SECTOR DEVELOPMENT PROJECT
(Funded by the Global Agriculture and Food Security Programme)

COUNTRY: THE GAMBIA

PROJECT APPRAISAL REPORT® æ°

Appraisal
Team

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OSAN DEPARTMENT

CURRENCY AND EQUIVALENTS

(March 2013)

1 UA = USD1.54888

1 UA = GMD 48.9906

1USD= GMD 30.00

FISCAL YEAR

01 January±31 December

WEIGHTS AND MEASURES

1 metric tonne	=	2204 Pounds (lbs)
1 Kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft.)
1 millimetre (mm)	=	L Q F K ³
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

ACRONYMS & ABBREVIATIONS

AfDB	African Development Bank
ANR	Agriculture and Natural Resources
CAADP	Comprehensive Accelerated Agriculture Development Program
CPCU	

Project summary

1.1 Project Overview The Gambia has a narrow economic base, relying heavily on agriculture which provides employment for about 75 per cent of the labourforce. Performance of the sector has fluctuated, contributing on average 22.3 per cent of Gross Domestic Product (GDP) in 2011 and a growth rate of 4 per cent. Despite its potential, agricultural production evidences low and unpredictable yields and high susceptibility to droughts and erratic climate patterns. The sector is basically rainfed, with only 3 per cent of the arable land estimated under irrigation. The prevalence of drought as a climatic phenomenon was very severe in 2011 to the extent that the gains in the sector were almost completely wiped out.

potentials. Also, integration of smallholder farmers, particularly women and youths, into markets was not sufficiently prioritized in the past intervention but is a high priority going forward. Targeted support for value addition through processing and market linkages to improve farm profits and incomes are critical for enhanced productivity along the continuum from subsistence to commercial rice farming

1.6 The FASDEP is hinged on the first pillar of the Programme for Accelerated Growth and Employment (PAGE) as the development efforts in the agriculture sector will help promote accelerated growth and economic development in the Gambia. FASDEP is further in line with the \$1' % :% ¶ V - R L Q W \$ V V (J X S Y D O C F U n d e r s t o d e s W e H i m p o r t a n c e of the agricultural sector for inclusive growth in the Gambia as its central theme and primary area of focus. The JAS also recognizes that the Bank needs to provide a substantial support to the Gambia in support of the GoY H U Q P H Q W ¶ V H I I R U W V W R V H W X S D Q H Q D E O L Q J H Q Y L U R create jobs, ensure food security, and increase incomes.

1.7 The FASDEP is also F R Q V L V W H Q W Z L W K E R W K W K H % D G S S ¶ V \$ J 2010-2014 by promoting the development of essential infrastructure to unleash the potentials of the sector (through sustainable water management, irrigation, rural roads, marketing and storage infrastructure, and promoting agro industry development) and the upcoming Long Term Strategy (LTS 2013-2022), which is hinged on supporting green growth and inclusive development by supporting diversification activities that will promote jobs for women and rural youth as well as build resilience to climatic variability through investment in land and water management for both lowland and upland areas.

1.8 % D Q N ¶ V \$ G G 7 K G H 9 D D Q N H ¶ V F R P S D U D W L Y H D G Y D Q W D J H D Q derived from its track record and accumulated experience in funding projects in Gambia since 1974 covering sectors comprising agriculture, water and sanitation, transport and multi sector. The FASDEP will provide opportunities not only to leverage on lessons learnt in enhancing development of the proposed investment, but provide the Bank, as the supervising entity of the GAFSP grant, an ideal platform for partnership with the GAFSP for African agricultural sector development.

1.9 Knowledge Management The project will contribute to k-2(ve)4()-109(g)10(r10()-89(8n-79(s(en

Country and Project Name: GAMBIA: Food & Agriculture Sector Development Project (FASDEP)
 Purpose of the Project: To reduce rural household poverty, food insecurity and malnutrition through increased agricultural production, productivity and commercialization.

RESULTS CHAIN		PERFORMANCE INDICATORS			Means of Verification	RISKS / MITIGATION MEASURES
		Indicator (including CSI)	Baseline	Target		
IMP	Reduced poverty, food insecurity and malnutrition through enhanced household income from agricultural productivity and commercialization	x National Poverty Rate	x 48.4% below USD 1.25 purchasing power parity (PPP)day;	x 40.6% below USD 1.25 PPP/day;	GBOS Poverty Assessment Reports UNDP HDI MICS IV	RisksMitigation: x Inadequate capacity of service providers. Service providers will be competitively recruited and trained with TA support and close supervision x Limited private sector involvement and lack of market linkages. FBO capacities will be strengthened and will be linked to markets, infrastructure improved and market access enhanced. x Poor gender awareness and mainstreaming and limited youth involvement. Training in gender issues and mainstreaming and targeted youth involvement. x Erratic weather patterns and adverse climatic change. Promotion of year round irrigation and sustainable soil and water conservation techniques and early warning climatic information for farmers x Lack of environmental awareness and technical monitoring capacity. Training and capacity building targeting farmers on best practices and extension services on environmental monitoring.
		x Food Security Status	x 11% food insecure (CFSVA 2011)	x 8% of pop food insecure		
		x Malnutrition status	x Caloric intake (1770 calories)	x Caloric intake (2200);		
			x Wasting (under 5) 9.5%;	x 5%wasting (under 5)		
OUTCOMES	1. Improved land management and enhance agricultural production and productivity	1.1 Hectares developed under improved lowland rice production				
		1.2 Hectares under upland soil & water conservation				
	2. Market led private sector environment to foster smallholder commercialization promoted					
	3. Improved food security and nutritional status of vulnerable groups and households					

A.1.3.2Community land use/watershed
plans developed

A. 1.3.3 Hectares under community ag
forestryestablished

REPORT AND RECOMMENDATION OF MANAGEMENT TO THE BOARD OF DIRECTORS
ON A PROPOSED GRANT TO GAMBIA FROM GAFSP
FOR FOOD & AGRICULTURE SECTOR DEVELOPMENT PROJECT (FASDEP)

Management submits the following Report and Recommendation for a grant of USD 26.60 million from the Global Agriculture & Food Security Program (GAFSP) for the financing requirement of the Food & Agriculture Sector Development Project (FASDEP) in the Gambia

I Strategic Thrust & Rationale

1.1. Project linkages with country strategy and objectives

The Program for Accelerated Growth and Employment (PAGE -2013) is currently the main Strategy (JAS) is premised. FASDEP aligns with Pillar 1 of the approved AfDB/World Bank Joint Assistance Strategy (JAS 2015) - enhancing productive capacity and competitiveness in order to strengthen resilience to external shocks. This project supports diversified, sustainable intensification of production of priority agricultural commodities and at the same time help build resilience towards climate change especially by promoting pump surface and tidal irrigation to combat droughts exacerbated by climate variability in the Gambia. FASDEP is also aligned with PAGE as it hinges on the first and second pillars through efforts that will help promote accelerated growth and economic development in the Gambia as well as improving and modernizing agricultural infrastructure. The supporting sustainable water management, irrigation, rural roads, marketing and storage infrastructure, and promoting agro industry development) and the upcoming Long Term Strategy (LT-2013-2022), which is hinged on supporting green growth and inclusive development by supporting diversification activities that will promote jobs for women and rural youth as well as build r57(ti)-and

agro-forestry and development of 40 community watershed/land use plans. Furthermore, the component will support the development of comprehensive framework policy document for the sustainable management of Gambia agricultural water. All the rural infrastructures that would be supported have their technical designs with climate resilient features to enable them cope with the adverse effects of climate change. For sustainability, the operation and maintenance manuals will be developed as part of the completion of each scheme before being handed over to the befitting communities. Farmer Based Organization (FBOs) and communities will be trained in the operation and maintenance of the completed schemes. This will be one of the parameters that would be covered by the monitoring and evaluation of the project to ensure that the FBO/communities were groomed to take over completely as the project phases out.

b) Expanding market access through improved infrastructure. The sub-component is designed to improve/rehabilitate farm to market access by upgrading 200 km of the existing feeder roads (as part of national feeder roads development program under the auspices of National Road Authority (NRA) and market infrastructure in 20 municipal markets in the project area. The sustainability program is along the already tested system by the National Road Authority. For roads rehabilitated, the NRA trains and provides technical assistance and guidance to the communities from time to time and the communities in turn will provide their contributions in kind by offering their services as labour. All completed roads will have an operation and maintenance manual prepared and communities trained.

Component 2: Agricultural diversification and commercialization (USD 10,928,011)

a) Support to Aquaculture, Small ruminants and poultry. This sub-component is aimed at up-scaling and building capacity in support of diversified agro-enterprises namely aquaculture, small ruminant and poultry farmers for enhanced production and productivity. The aquaculture activities include the construction, the provision of start-up inputs, and management of 200 community demonstration ponds. The small ruminant activities include the establishment of 25 improved (breeding and fattening) schemes. Under poultry, support will be provided for 20 community schemes (1,000 each of layers and broilers) and 20 schools each with 200 layers. In both cases, improved breeds (which include K D Y H E H Q W H V W H G W R K D Y H J U H D W H U S U R G X F W L Y L W \ R Y H) will be built on the management of these breeds. Support provided by the project will also include poultry housing, water supply and initial provision of inputs for the first cycle of production. In addition, traditional/village poultry training and demonstration activities will be carried out.

matching grants would be used to assist 45 FBOs on the cost-sharing basis (40% contributions by the being matched by 60 of the project funds) for acquisition of productive assets to enhance promotion and expansion of their agroenterprises. The ultimate aim of the matching grant is to help selected FBOs realise that productivity capacities by assisting them with seed money for effective take off so as to see agriculture as business opportunities that can be run profitably. The operational modalities of the matching grant are in annex C.

Component 4: Project Management and Capacity building (USD 2,445,130)

a) Capacity building for Central Project Coordinating Unit (CPCU) This is a unit of the MOA responsible for overall coordination and supervision

Table 26 ±Expenditure schedule by component(in USD million)

COMPONENTS	2013	2014	2015	2016	2017	TOTAL	% of Total
Improved Agric. Infrastructure Dev.& Mgt	1.1325	2.2075	2.9325	2.5625	0.855	9.974	

2.8. Key Performance Indicators

The key performance indicators for the project have been outlined in the Result Based Logical Framework and these will include: (i) food security for 240,000 of the population of which 150,000 are women; (ii) increased agricultural productivity through enhanced management of existing 3000 ha and development of additional 200 ha under irrigation; (iii) 155 ha of improved horticultural schemes; (iv) establishment of 200 fish ponds, 25 small ruminant and 60 traditional poultry schemes; (v) 120 agro-business enterprises established and supported with 60% women owned; (vi) 200 kilometres of access roads rehabilitated; (vii) 20 municipal market structures constructed with 80% being allocated to women. The Project will also help to enhance nutrition security by improving calorie intake from 1770 Calories per persons to 2200 calories. Under 5 wasting will also be measured and it is expected to drop 9.5% from 5% thereby helping the improvement of the nutritional status of the children.

III PROJECT FEASIBILITY

3.1. Economic and financial performance

Table 3.1- Key economic and financial figures

FIRR, NPV (base case) @ 2% cost of capital	28% (NPV USD 10.81 million)
EIRR (base case) @ 12% cost of capital	23%

Sensitivity Analysis

increase in revenue FIRR

% increase in total

3.2.2 Climate Change:The geographical position of The Gambia predisposes it to drought, windstorms, coastal erosion and sea level rise. Observed changes in climate in The Gambia have resulted in negative effects on rain

19.9% in LRR and WCR to less than 5%. Children will also benefit from the Therapeutic Feeding programme to improve on their micro nutrient deficiency and reduce prevalence of clinical Vitamin A deficiency from current 64% (The Gambia Nutrition Profile 2010) to less than 30% by the end of the project.

3.2.6 The project's social impacts include i) risks of the proliferation of HIV/ AIDS because of the presence of workers as well as related diseases related to water irrigation, ii) risks of accidents during construction, iii) the potential conflicts related to land tenure; and iv) influence associated with feeds product and pesticides handling. The main mitigation measures are IEC campaign on diseases prevention and also extensive services on pesticides and feeding FBO/ Communities which already exist will be trained W R H Q V X U H F R Q I O L F W V ¶ P D Q D J H P H Q W U H O D

3.2.7 Involuntary resettlement No involuntary settlement is envisaged.

IV ±IMPLEMENTATION

4.1. Implementation arrangements

4.1.1 The project will be implemented by a FASEP-PSU embedded in the Central Project Coordination Unit (CPCU) of the MOA. The PSU will be led by the Project Manager with other key

national procurement law, Public Procurement Act (2001) and Regulation (2003), however, considering that the national Standard Bidding Documents were found not acceptable to the Bank, the SURMHFW ZLOO Standard Bidding Documents and the provisions stipulated in the Financing Agreement.

4.1.4 Financial Management Capacity Assessment A Project Support Unit (PSU) will be directly in charge of the implementation of the project including the accounting and fiduciary functions. The PSU will be supervised by the Central Projects Coordination Unit (CPCU), which is responsible for overall coordination and supervision of all donor funded projects in MOA. CPCU already has a Project Coordinator (PC) and a Financial Controller (FC) (in place). CPCU will be adequately staffed and the unit trained and equipped to discharge its functions effectively. The PSU will be led by the Project Manager and s/he would be supported by a Project Accountant for financial matters. The Project Accountant will be the head of accounts unit and will be supported by an Accounts Officer and Accounts clerk in discharging the accounting and fiduciary function of the project.

4.1.5 The project accounts unit will use IFMIS accounting software currently being used by GoTG) and IFMIS accounting manual for recording, processing and financial reporting. The same accounting system is currently being used by the ISPEFG project funded by the Bank. The proposed structures of both CPCU and PSU do not have an internal audit function and thus the Project will hire an internal auditor to be based at CPCU who will help strengthen the internal control environment of the project and other projects that will be supervised by CPCU. In addition, a Project Implementation Manual (PIM) will be developed (within the first three months of the Project) to guide the implementation of the project. PSU through CPCU will report to a Project Steering Committee (PSC), to be chaired by the PS of MOA.

4.1.6 Audit Arrangement: The Auditor General of the Gambia (AGoTG) is constitutionally mandated to audit all government funds including donor funded projects. However, the AGoTG currently outsources the audit of donor funded projects to one of the five (5) independent audit firms in the Gambia. Thus the PSU under the direction of the CPCU will hire an independent audit firm under the delegated authority of the AGoTG to carry out the audit of the project. The audit firm will be hired on TORs that are acceptable to the Bank. The PSU will ensure that the audited project financial statements, inclusive of the accompanying audit management letter, are submitted to the Bank annually within 6 months of the end of the year audited.

4.1.7 Disbursement: The Direct payment, Special Account (SA) and Reimbursement methods will be used. Payment of significant amounts against contracts concluded between project management and contractors/suppliers will be made using direct payment method. The reimbursement method will be applied for eligible expenses incurred by the PSU using project funds for project activities. A segregated USD denominated Special Account and a local currency (Dalasi) account (to be managed by the PSU) will be opened with a bank acceptable to the Bank to handle payments for recurrent expenses of the project. A second separate Dalasi SA will be opened to receive counterpart funding contribution from * R 7 * \$ O O G L V E X U V H P H Q W V Z L O O I R O O R Z W K H Disbursement Handbook.

4.1.8 It is the overall conclusion that the proposed PSU, after addressing the issues indicated in the FM Action Plan (detailed in Annex B.4), will have adequate capacity to manage the FM, disbursement and audit activities of the proposed project. The residual FM Risk is moderate.

4.2. Monitoring

The M&E framework and tracking system of the project as elaborated 3ET EMC /P <ned 3

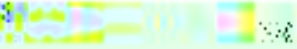

4.6.2 The technologies and approaches that will be promoted by the project can be used as models for replication and up scaling outside the project area, in other communities within The Gambia. The production/ commercialisation channels being piloted will also be used as learning tools by the

Gambia - Development Indicators				
Social Indicators	Gambia	#REF!	Africa	Developing countries
	1990	2011 *		
Area ('000 Km²)	11			

Appendix II - 7 DE OH RI \$' % ¶ V SR UW IR Q M R h L 2 0 1 3 W K H F R X Q W U \

List of active projects (loans and grants) by Sector AfDB Projects in the Gambia

Sector	Fin project	Loan Number	Long name	Approval date	Effectiveness Date	Closing date	Approved Amount	Disbursed Amount in million UA	Disbursed rate (%)	Age since Approval (yrs)
Agriculture	ADF Grant	2100155013816	Livestock and horticulture Development Project	Jan2009	May 2009	31/12/2014	4.02			

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