1. Country and Sector Background

Senegal is the second largest rice importer in sub-Saharan Africa, ranking tenth in the world. Rice is the main cereal consumed in Senegal, having replaced millet as the most important staple food since the 1970s. In urban households, rice accounts for 54 percent of cereal consumption and 18 percent of total household spending. In poorer rural areas, rice accounts for 24 percent of cereal consumption and as much as 25 percent of total household spending. Rice consumption in the country has drastically increased over the last decade, with per capita consumption currently estimated at 84 kg per year compared to 71 kg in 1999.

In response to the 2008 food crisis in Senegal, an Additional Financing for Food Security (AFFS) in an amount of $10 million was prepared in support to increased rice production in light of high volatility of rice prices, vulnerability of country’s trade balance as well as importance of auto-consumption for marginal rice producers.

The AFFS was designed as an additional financing and build on institutional arrangements of the ongoing Phase I of the Agricultural Markets and Agribusiness Program (PDMAS). Activities included: (i) the rehabilitation of irrigation perimeters in the Senegal River Valley; and (ii) the promotion of intensive rice production in the Bignona Valley. Both operations were funded under the umbrella of the Global Food Crisis Response Program with the financial support of IDA.

However, the limited resources under the AFFS are not sufficient to cover major needs in the rehabilitation of rice-growing irrigation perimeters, the improvement of rice marketing conditions and the strengthening of livestock production systems.

2. Rationale for Bank Involvement
Additional funding is therefore sought to scale up project activities under the AFFS in support to increased rice productivity and household food security in rural rice-producing areas. In addition, project activities will be expanded to improved livestock production in intervention areas. The AFFS is performing well and scaling up must occur now to maximize the project’s impact and effectiveness in rice productivity and food availability in the short term, independently of a subsequent PDMAS phase. The rationale for the proposed additional financing is to provide supplementary funding for the implementation of new project activities in support to increased national food and livestock production. It is also proposed to extend the project closing date to December 31, 2014 to cover the implementation period of the proposed additional financing.

The proposed additional financing is in line with the FY07-10 Country Assistance Strategy (CAS) for Senegal. It will support Pillar 1 - Growth and Wealth Creation with a direct contribution to an increase in irrigated land. The proposed activities will contribute to increased rice and livestock production in targeted areas. Hence, it will help improve availability and access to staple food and thus, help increase both food security and incomes for vulnerable households and contribute to reducing poverty. To achieve this it will directly support the National Program for Rice Self-sufficiency (PNAR) through support to the rehabilitation of small scale irrigation schemes in the Senegal River Valley and the Anambe basin.

This proposed financing is also in line with the FY13-FY17 Country Partnership Strategy under preparation. It will come in direct support of increased agriculture productivity and marketing under Pillar 1: “Accelerating Growth and Employment & Creating Fiscal Space”, and contribute to the Foundation “Strengthening Governance Framework and Building Resilience” through support to sustainable land and water management. This is consistent with the country strategic objective of increased agricultural production and productivity under the Stratégie Nationale de Développement Economique et Sociale, SNDS 2013.

The proposed intervention also comes in direct support to the country’s National Agricultural Investment Plan (NAIP), which defines the national framework of specific food security interventions that boost food production and availability at the national level. In line with the third of four agreed strategic pillars within the Comprehensive Africa Agricultural Development Programme (CAADP) of the New Partnership for Africa’s Development (NEPAD), food security is a key component of national priorities in agricultural development. Furthermore, in line with the GFRP development objectives, this financing will support the broad-based growth in productivity and market participation in agriculture and livestock production to ensure adequate and sustainable food supply response and contribute to achieving longer-run food security. It will specifically contribute to: (i) strengthening the country’s agricultural production response capacity; (ii) reducing post-harvest and marketing losses; and (iii) strengthening access to finance by vulnerable farmers and herders.

3. Objectives

The proposed project will contribute to increased rice and livestock production in project areas. It will directly support the scaling up of project activities under the AFFS through: (i) the rehabilitation of 7,400 ha of irrigated perimeters in the Senegal River Valley and 3,180 ha in the Anambe basin; (ii) the acquisition of agricultural equipment and post-harvest infrastructure; (iii) the improvement of locally-produced rice marketing conditions; and, (iv) the strengthening of
the national livestock production capacity. The suggested activities would be additional activities to scale up the original project’s impact and development effectiveness.

4. Description

Specific project components will include: (i) promotion of intensive rice production in the Senegal River Valley and the Anambe basin; (ii) improvement of livestock production in the Casamance region; and, (iii) strengthening of project implementation and coordination. The outcome indicators will consist of: (i) annual production of rice paddy in project areas (tons); (ii) livestock productivity in project areas; and (iii) number of direct project beneficiaries (of which % women).

Component A: Promotion of intensive rice production in the Senegal River Valley and the Anambe Basin (US$17.1 million). This component will support the rehabilitation of small scale irrigation perimeters and the improvement of domestic rice marketing conditions in project areas. It will support the rehabilitation of 7400 ha of village and private irrigation perimeters. The targeted areas are located in the Departments of Dagana (1,500 ha), Podor (3,400 ha), Matam (2,000 ha) and Bakel (500 ha). Specific activities will include: (a) field survey and design studies for each perimeter to be rehabilitated; (b) rehabilitation of irrigation schemes comprised of primary and secondary canals connecting to tertiary canals at perimeters level as well as water regulation structures and drainage systems; and (c) implementation of environmental safeguards measures including among others the construction of storage facilities at the village level for pesticides in addition to drainage systems at the perimeters level. It will also support the rehabilitation of 3,180 ha of irrigation perimeters in the Anambe Basin and the development of 200 ha of lowlands for rice-production in the rural communities of Ouassadou, Bonconto and Sinthiang Koundara, Department of Velingara. It will finance the construction of small water-catchment dikes, secondary and tertiary irrigation channels and drainage systems. It will also support the provision of agricultural equipment and materials for rice cropping and post-harvest activities.

Component B: Improvement of livestock production in the Casamance (US$2.1 million). This component aims to provide support to the national livestock production capacity in the Ziguinchor and Sedhiou regions of the Casamance. Activities will focus on investments that will result in revitalizing the livestock sector in project areas, with a focus on small ruminants and swine production. It will provide support to: (i) the re-stocking of the livestock population with locally available breeding herds and flocks of higher genetic potential for growth and disease resistance to compensate for asset depletion and mortality in project areas; (ii) the expansion of existing animal health and disease control programs such as animal vaccination and systematic de-worming; (iii) the provision of essential infrastructure including enhanced farm animal housing using readily available techniques and local materials and slaughtering facilities. Matching grants will be made available to small producers and small and medium enterprises (SMEs) to complement up to eighty percent of their investment capital when investing in key promising livestock supply chains of the domestic market. Funding for such subprojects will include support for technical advisory services to ensure the viability of the investments and adoption of best husbandry practices. Communication campaigns to targeted groups and training to mitigate risks will be included as an integral part of each of the supported activities.
Component C: Support to project coordination and implementation (US$0.8 million). Under this component, the project will finance social and environmental impact studies as well as the implementation of identified corresponding safeguards measures, including among others the construction of storage facilities at the village level for pesticides in addition to drainage systems at perimeters level. It will support the recruitment of technical staff, equipment and operating costs for the project coordination unit. It will also support monitoring and evaluation activities to be performed by the project coordination unit and all identified implementing agencies, as well as the updating of the existing Monitoring and Evaluation Information System to include the proposed activities.

5. Financing

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<td>Total</td>
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6. Implementation

The project management structure will be based on the existing PDMAS and AFFS coordination arrangements. Overall, the PDMAS PCU will be responsible for procurement and financial management system. The existing Project Implementation Manual (PIM) and Project Administrative, Financial and Accounting Manual (PAFAM) of Procedures will be amended to include new activities supported by the Additional Financing. The PDMAS PCU is currently appropriately staffed and has adequate capacity to carry out project activities. The existing implementing unit will be responsible for the monitoring and evaluation of additional activities. Activities located in the Senegal River Valley will be executed by the SAED under the same protocol arrangements as the PDMAS. The physical implementation of activities under Component A in the Anambe basin region will be delegated to the SODAGRI, which is currently responsible for the establishment and supervision of irrigation schemes in the area. Activities under Component B will be executed by the Regional Livestock Directorates of Ziguinchor and Sedhiou, under the overall coordination of the central Livestock and Animal Production Directorate. An implementation agreement between the PDMAS and all identified implementing agencies will be prepared for the execution of activities under this additional financing. Executing agencies will be appropriately staffed, if needed, to ensure adequate capacity to carry out project activities.

The PDMAS will be responsible for overall activities supervision and coordination as well as technical and financial reporting to ensure compliance with Bank policies and procedures. The Original Project’s Operational Manual will be updated, to include the new activities and to apply the Bank’s Updated Standard Conditions, Procurement Guidelines and Anti-Corruption Guidelines. Guidelines on “Preventing and Combating Fraud and Corruption in projects financed by IBRD loans and IDA credits and Grants”, dated October 15, 2006 and revised in January 2011, shall apply to the project.
7. Safeguard Policies (including public consultation)

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<td>Projects in Disputed Areas (OP/BP 7.60)*</td>
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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas