PROJECT INFORMATION DOCUMENT (PID)
APPRaisal STAGE

Report No.: PIDA2667

<table>
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<tr>
<th>Project Name</th>
<th>Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA) (P113629)</th>
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<tbody>
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<td>Region</td>
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<tr>
<td>Country</td>
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<td>Theme(s)</td>
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<td>CCARDESA</td>
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I. Project Context

Country Context

Agriculture underpins the economy throughout much of southern Africa. The countries of southern Africa are home to about 277 million people and generate total Gross Domestic Product (GDP) of around US$575 billion. Agriculture varies in importance from country to country, but across the entire region it is the primary source of subsistence, employment, and income for most of the population. Particularly in the lower income countries, agriculture is the largest contributor to GDP, and the performance of the agricultural sector has a strong influence on growth, employment, food security, and poverty. Agricultural growth contributes to overall economic growth not only because agriculture makes up a significant share of GDP, but also because growth in the agricultural sector has a strong multiplier effect on non-agricultural sectors through production and consumption linkages.

Agricultural productivity is far below potential. Agricultural productivity has increased in recent years throughout sub-Saharan Africa (SSA) and within southern Africa in particular, but most of the growth has come from bringing previously uncultivated land into production, rather than from
intensification made possible by technical change. Comparisons of total factor productivity growth have shown that during the past decade, technical change accounted for a large share of agricultural productivity growth in Asia and Latin America, but a very small share of agricultural productivity growth in Africa. Southern Africa has experienced more technology-driven productivity growth than other regions in Africa, but the gains have occurred mainly in middle income countries. Analysis has identified a number of yield gaps (the difference between actual and potential yields) that could be narrowed with additional investments in technology adaptation and dissemination.

Food and nutrition insecurity is widespread. Even though the performance of agriculture in southern Africa has improved recently, the sub-region as a whole suffers from periodic food deficits and recurring food price crises, as well as some of the worst nutrition indicators in the world. According to UNICEF (2012), southern Africa has shown no improvement since 1990 in reducing the proportion of children who are underweight and the absolute number of underweight children has actually increased, due mainly to recurring food crises associated with drought, and rising levels of poverty. At the same time, HIV/AIDS has posed serious challenges to nutrition development.

Vulnerability to climate change is increasing. Southern Africa is vulnerable to climate shocks, which have the potential to impact food security adversely. Recent analysis has revealed that shifts in climate patterns are likely to expose many countries in southern Africa to greater variability and more pronounced extremes of temperature and rainfall. Adaptation measures—particularly the adoption of climate-smart agricultural practices—will be needed to maintain productivity and ensure resilience in the face of more frequent and more severe shocks.

Agriculture has the potential to drive growth and poverty reduction. The World Development Report 2008: Agriculture for Development (World Bank, 2007) concluded that agricultural growth is the key to achieving overall growth, reducing poverty, and increasing food security for the rural poor. Growth originating in agriculture is four times as effective in reducing poverty as growth originating outside of the agricultural sector. Agricultural growth depends greatly on improvements in agricultural productivity, and investments in agricultural research and technology are among the most important determinants of agricultural productivity. The World Development Report emphasized that agricultural growth in Africa has been driven mainly by expanding cultivated area, a strategy that is far from sustainable. An alternative strategy is to create the conditions that enable agricultural productivity to increase.

Southern Africa’s changing demographics underscore the need for broad-based agricultural development. Although urbanization is increasing – urban areas are expected to account for half of the population in the SADC region - trends in population growth mean SADC will still experience an estimated 20% increase in the rural population by 2030 (SADC 2012). SADC estimates employment in agriculture will need to grow by over 21% in the SADC region between 2010 and 2020 to absorb the increase in the rural population.

An increasingly integrated regional market presents opportunities for agriculture. Southern Africa includes both low income and middle income countries and hosts two well-established pan-African institutions covering agriculture and commerce—the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). The presence within the region of seven middle-income countries, including South Africa, provides a large regional market for agricultural products. The extensive area falling within the so-called Guinea Savannah zone shows strong potential for highly productive commercial agriculture, similar to that
found in similar zones of Latin America and Asia (World Bank, 2006). Reforms instituted at both regional and national levels have resulted in a more conducive policy environment for growth in the agriculture sector. While some exceptions exist, reforms have reduced barriers to trade in agricultural commodities, addressed taxation and price policies that provided negative incentives of producers and improved the availability of improved agricultural technologies—particularly inputs.

**Sectoral and institutional Context**

Investment in agricultural research and development (R&D) is needed to get agriculture going. Improvements in agricultural productivity come from investments in agricultural R&D. Hundreds of published studies have confirmed that the returns to investments in agricultural R&D are consistently very high. For a number of reasons, however, investment in agricultural R&D, both in the private sector and in the public sector, is frequently well below optimal levels. Private firms tend to underinvest in R&D because of the difficulty of appropriating the benefits of research. Governments tend to underinvest in R&D because some of the benefits spill over to other countries.

Regional integration can help agricultural R&D pay off. Regional integration has proven to be an effective strategy that can allow groups of countries facing common research challenges to increase the efficiency of their investments in agricultural R&D. Adoption of a regional approach to research based on the concentration of resources within a reduced number of large, specialized research institutes serving an expansive shared technology space can deliver a number of benefits. First, it can reduce duplication by allowing a single regional research institute to undertake work that otherwise would be done in parallel within multiple national research institutes. Second, it can help capture economies of scale by concentrating resources within a single institute, where they can achieve a critical mass. Third, it can increase the payoffs to research by facilitating dissemination of improved technologies across national borders, thereby vastly increasing the number of beneficiaries. Fourth, it can mitigate the isolation that frequently occurs in small, fragmented research institutes by creating effective mechanisms for facilitating knowledge exchange and technology transfer.

Agricultural technology generation and dissemination systems in southern Africa can be more effective and more efficient. The policy conditions needed to facilitate the movement of agricultural technology within the sub-region are in place, but national systems face challenges in improving their technology and service delivery systems, including a lack of capacity to implement technology transfer, ineffective extension services, and bottlenecks in information systems for innovation. National systems for generating and disseminating agricultural technology are operating well below their potential, constrained by inadequate facilities, shortages of qualified staff, and low levels of overall investment and budget support. These factors, in turn, are linked to the high degree of fragmentation in the deployment of resources within the sector, as limited financing is spread over a range of priorities. Given the small size of many countries and economies in the sub-region, few can afford fully elaborated technology development systems capable of addressing all of the crops and livestock breeds in their highly diversified production systems.

Support for a regional approach to agricultural R&D is growing. SADC has taken a proactive role in pursuing the agricultural productivity agenda. It has expressed strong ownership of a regional approach to agricultural research focusing on programs that are of strategic importance to the region and that have large potential for spillovers across country borders. Public proclamations concerning the commitment to a regional approach are being backed up by concrete actions. For example,
SADC member states have adopted a common seed certification policy, with the aim of increasing the movement of improved germplasm across national borders. More importantly, they are in the process of finalizing a regional agricultural policy initiative that would put in place mechanisms to support policy harmonization, improved flow of agricultural information, and increased integration of input and output markets.

The SADC region has recognized the need for new institutional mechanisms to support agricultural R&D. Until 2001, SADC’s main instrument for strengthening agricultural technology development had been the Southern African Centre for Cooperation in Agricultural Research and Training (SACCAR), a sub-regional organization that had been established to coordinate the research programs of common interest to the NARS in the SADC sub-region, organize systematic knowledge sharing and human resource development, and strengthen partnerships with CGIAR centers and other advanced research institutions. In 2001, SACCAR was phased out as part of SADC restructuring process. The closure of SACCAR was due in part to the general consolidation of all SADC’s decentralized sector programs into one location within the SADC Secretariat as well as SACCAR specific issues related to perceived lack of efficiency and cost-effectiveness of SACCAR by some Member States.

Between 2001 and 2011 agricultural technology development within the SADC sub-region was led by the Agricultural Research and Training Unit within the Food, Agriculture and Natural Resources (FANR) Directorate of SADC. The achievements of the Unit were limited by lack of human resources (the Unit had only one staff post) and weak linkages with NARS and with international partner institutions. As a result, SADC Member States called for a new institutional mechanism to scale up regional R&D coordination and move beyond a focus solely on agricultural research to encompass the full range of systems affecting agricultural productivity.

CCARDESA has emerged as a new institution with the strong support of SADC countries. The establishment of CCARDESA and its proposed program of activities were provisionally approved by the SADC Ministers responsible for Agriculture and Food Security in November 2008 and completed by mid-2011, with 14 of 15 SADC Member States as signatories to its charter. CCARDESA became fully operational in 2012, and has identified five major objectives: (i) to coordinate and promote collaboration among regional and national agricultural research and extension systems through regional and international cooperation; (ii) to facilitate the exchange of information and technology among the SADC regional R&D institutions; (iii) to promote SADC region partnerships between public, private, civil society and international organizations in R&D; (iv) to improve agricultural technology generation, dissemination and adoption in the region through collective efforts, training and capacity building; and (v) to strengthen national R&D institutions by mobilizing human, financial and technological resources to implement and sustain demand-driven activities.

II. Proposed Development Objectives
The objective is to facilitate integrated agricultural research for development within the SADC region with the aim of contributing to increased productivity of small holder crop, forestry, fish and livestock enterprises in the region.

III. Project Description
Component Name
Component 1 - CCARDESA Thematic Programs
Comments (optional)
CCARDESA activities will be organized around a set of priority thematic areas developed out of a regional priority setting and consultation process. In the implementation of its thematic programs, CCARDESA will focus on challenges of a regional nature and will institute measures to address these challenges in conjunction with stakeholders (NARS, the Consultative Group on International Agricultural Research (CGIAR) centers, and regional and international partners). In line with the principle of subsidiarity, CCARDESA will concentrate on regional activities.

Component Name
Component 2 - CCARDESA Management and Governance

Comments (optional)
The second component will finance the operational costs of CCARDESA, including the management functions (through a small Secretariat) and the governance functions (through a Board of Directors). Activities to be funded will include: (a) operational costs including CCARDESA staff salaries and CCARDESA Headquarters costs; (b) program management costs: (c) capacity building in administration, financial management/accounting, procurement, and safeguards; (d) establishment and maintenance of an M&E system; and (e) governance costs for CCARDESA including the General Assembly, and the activities of the CCARDESA Board and its associated committees.

Component Name
Management, Administration and Supervision of the MDTF

Comments (optional)
This MDTF will also finance the costs incurred by the World Bank in its management, administration, and supervision of the trust fund.

IV. Financing (in USD Million)

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For Loans/Credits/Others

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V. Implementation
CCARDESA MTOP. The CCARDESA MTOP will form the basis for MDTF implementation. As a regional institution, CCARDESA’s mission and MTOP have been developed with its partners and stakeholders (including AU/NEPAD, SADC, FARA, other SROs, Consultative Group on International Agricultural Research (CGIAR) centers farmers’ groups and civil society organizations, private sector). The MTOP is fully consistent with and harmonized with the priorities and principles of CAADP and FAAP. Implementation of programs follows the subsidiarity principle to facilitate ownership and responsibility of actors on a comparative advantage basis.

Implementation of activities under the MTOP will be guided by an annual work planning and budgeting process approved by the CCARDESA Board. MDTF financing will be based on a comprehensive annual work plan and budget, which will describe all CCARDESA activities for the year and their different funding streams. Funding from the MDTF and other donors will be on a
parallel basis.

CCARDESA Institutional structures. CCARDESA was established by a Charter endorsed at the SADC level and signed by individual SADC member countries. CCARDESA is governed by a General Assembly of regional R&D stakeholders from SADC Member States and a Board of Directors drawn from a cross section of R&D stakeholders. Members of the General Assembly are stakeholders drawn from the SADC countries and meets every two years. In addition to the General Assembly, as a SADC Subsidiarity Organization, CCARDESA also provide reports on their activities to the SADC Council and SADC Ministers responsible for Agriculture and Food Security, who may also perform functions related to approving specific issues where required. The Board of Directors of CCARDESA, composed of 13 members, provides the primary oversight and governance mechanism to guide CCARDESA on its general direction and programs. The first CCARDESA Board was appointed by the SADC Ministers of Agriculture and thereafter has become a self-generating Board.

The day to day operations of CCARDESA are run by a Secretariat based in Gaborone, Botswana and led by an Executive Director. The Secretariat is responsible for managing and implementing CCARDESA’s programs, as approved by the Board, and will perform all tasks relating to the coordination of agricultural R&D in the SADC region. The CCARDESA governance manual summarizes the institutional arrangements, composition and functions of each structure of the governance of CCARDESA.

The Secretariat is led by an Executive Director and currently, a staff of 12 is in place comprising the Executive Director, Program and Grants Manager, Research and Advisory Thematic Coordinator, M&E Coordinator, APPSA Coordinator, Finance Officer, Finance Assistant, HR and Administration Manager, Information Officer, and 3 administrative assistants. Interim Procurement support is currently being provided through a FARA secondee. The Secretariat’s staffing complement is expected to increase over time with the recruitment of a permanent Procurement Officer, a number of technical specialists: Farmer Empowerment Thematic Coordinator, Knowledge, Information and Communication Thematic Coordinator, Capacity Building Thematic Coordinator; Finance Manager (should the level of responsibility increase), Internal Auditor and Legal Officer. Funding for staff are expected to be split between the MDTF and other project or partner funds. The anticipated number of regionally recruited staff at full staffing levels to be paid for under the MDTF include the Executive Director, Program & Grants manager, the four thematic coordinators, M&E specialist, Internal Audit, Finance Manager, Finance officer, HR & Administration Manager, and Procurement officer. Additional locally recruited staff paid under the MDTF will include a complement of administrative and finance assistants and a legal officer. Downward adjustments to staff size will be made based on funding committed to the MDTF if required.

The CCARDESA Secretariat will have overall implementation responsibilities for the MDTF. Responsibilities will also include fiduciary monitoring capacity for both financial management (FM) and procurement aspects. See discussion of FM and Procurement below. Implementation of activities under the MTOP will be guided by an annual work planning and budgeting (AWP&B) process which will be approved by CCARDESA’s governing board. MDTF financing will be based on a comprehensive AWP&B which will describe CCARDESA’s activities for the year and their different funding streams.

Competitive and commissioned sub-grant system. Implementation of CCARDESA’s thematic
programs will take place primarily through commissioned or competitive sub-grants. Management
of this process will be carried out transparently and based on an agreed upon sub-grants manual,
which provides detailed procedures for management of grants. A final version of the manual
satisfactory to the World Bank will be a condition of disbursement against sub-project grants.

Competitive sub-project grants will be selected following calls for research proposals, to be
launched by the CCARDESA Secretariat. These calls will be published on the CCARDESA website
and widely disseminated by any appropriate means. The main contribution of the grant system is to
follow a stringent and effective selection process, thereby assigning scarce resources to the most
technically sound and highest priority proposals, and to provide incentives to implementing agencies
to make efficient use of such resources and achieve the most outputs as possible.

Calls for project proposals will be based on the identification of needs and research constraints
within thematic programs. Each thematic program will undertake a process of in-depth priority
setting involving a participatory study that will consist of consultations with key partners and
stakeholders - both the private sector (industries, enterprises, processors, Producer Organizations,
NGOs) and the public sector (extension services, research organizations) – and analysis of research
for development opportunities and potential partnership arrangements.

Commissioned grants will be used in situations where competitive grants are not considered to be
the best funding mechanism or to support specific short term studies/work across the range of
themes. Examples include exploratory work and identification of potential initiatives or programs or
national and regional workshops and training events. Applications for grants will be restricted to
short list of selected institutions with known specialist skills or expertise. The criteria for short
listing will depend on the specialism required, such as knowledge of the subject matter or laboratory
or other facilities/technology that the short-listed institution can provide. Competition among the
short-listed institutions will however follow the same process as for the competitive grants. Where
appropriate, the shortlisted institutions will be required to work with other institutions in developing
the Concept Notes and the Full Proposals and in implementing the sub-project. This will contribute
to building the capacity of weaker institutions and to transferring of skills.

Recipients of sub-project grants for R&D institutions under the proposed MDTF shall be drawn
from institutions in CCARDESA member countries and will be institutions who meet the criteria for
eligibility established under the CCARDESA Sub-Project Grants Manual subject to consistency
with the World Bank’s policies and procedures and provisions of any donor Administration
Agreement.

### VI. Safeguard Policies (including public consultation)

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VII. Contact point

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