AMENDMENT NO. 4
TO THE ADMINISTRATION AGREEMENT
FOR EUROPEAN UNION CONTRIBUTIONS,
AS REPRESENTED BY THE COMMISSION, TO TRUST FUNDS
EUROPEAN UNION FOOD CRISIS RAPID RESPONSE FACILITY
(TF071341)


2. Pursuant to recent discussions between the Bank and the Commission, the Bank proposes to amend Section 2.03 of the Administration Agreement to read as follows:

“Section 2.03. It is expected that the Contribution will be fully utilized in accordance with the provisions of this Administration Agreement by October 31, 2012 (“End Disbursement Date”). The End Disbursement Date can only be modified with the agreement of both Parties pursuant to Article 9 of the General Conditions.”

3. The following revised Annexes are attached to this Amendment and form an integral part of the Administration Agreement:

<table>
<thead>
<tr>
<th>Annex</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>I D</td>
<td>Kenya</td>
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<tr>
<td>I E</td>
<td>Lao PDR</td>
</tr>
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<td>I H</td>
<td>Kyrgyzstan</td>
</tr>
<tr>
<td>I I</td>
<td>Mali</td>
</tr>
</tbody>
</table>

Annex II
Indicative Budget of the Total Contribution

4. All other terms and conditions of the Administration Agreement and its amendments remain unchanged.
5. This agreement shall constitute an amendment to the Administration Agreement between the Bank and the Commission. Upon receipt by the Bank of the original Amendment signed by the Commission and the Bank, this Amendment will become effective as of the date of the latest signature.

<table>
<thead>
<tr>
<th>For the European Union, represented by the Commission of the European Communities</th>
<th>For the International Bank for Reconstruction and Development and International Development Association</th>
</tr>
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<tbody>
<tr>
<td>Name: Jean-Pierre Halkin</td>
<td>Name: Mark Cackler</td>
</tr>
<tr>
<td>Position: Head of Unit C1 EuropeAid Cooperation Office</td>
<td>Position: Acting Sector Director, Agriculture and Rural Development</td>
</tr>
<tr>
<td>Signature: /s/ Jean-Pierre Halkin</td>
<td>Signature: /s/ Mark Cackler</td>
</tr>
<tr>
<td>Date: November 9, 2011</td>
<td>Date: October 13, 2011</td>
</tr>
</tbody>
</table>
ANNEX ID

PROPOSED GRANT UNDER THE
EUROPEAN UNION FOOD PRICE CRISIS RAPID RESPONSE FACILITY
IN THE AMOUNT OF EURO 19.13 MILLION
TO THE REPUBLIC OF KENYA
FOR THE ENHANCING AGRICULTURAL PRODUCTIVITY PROJECT

Introduction

1. The proposed project is to be financed under the European Union Food Price Crisis Rapid Response Facility, in the amount of Euro 19.13 million for enhancing and complementing the proposed IDA supported Agricultural Productivity and Agribusiness Project (KAPAP). The proposed grant would help finance the costs associated with the provision of inputs to 160,000 smallholder farmers, scaling up of agricultural input credit scheme and supporting Public-Private partnerships in provision of planting materials for orphan crops. The overall objective is to increase smallholder cereal production during the next three planting seasons starting in September 2009.

2. Kenya is facing a maize shortage. As a consequence of high input prices and the post-election crises in early 2008, only 75 percent of usual farm area was planted with maize during the main growing season. The short rain season was poor in most of Kenya, resulting in poor harvests. Kenya's national maize production is now estimated to be only 2.43 million metric tons (MT), against an estimated national consumption of 3.15 million MT, and so the country will face a maize shortfall for about four months before its next big harvest begins in October 2009. In the recent past, the maize deficit has been closed by imports from the east Africa region (Tanzania and Uganda). However, the regional grain balance is currently not favorable, with Tanzania also facing a grain deficit. Informal imports estimated at around 180,000 MT were received from Uganda in the early part of 2009. The regional deficit has resulted in Kenya sourcing maize internationally, mainly from South Africa and the United States. The proposed Agricultural Inputs Supply operation seeks to reduce the gap between domestic production and consumption in 2009. This will not only enhance food availability and price stability in the country but will also ensure that maize farmers get higher incomes from sales. Furthermore, the operation will enhance household food security, their high dependence on maize, and incomes by promoting smallholder production of alternative cereals/crops such as millet, sorghum, cowpea and cassava.

3. This operation will supplement the efforts of others to address the problem. The use of the EU TF is justified as the most appropriate source of funding for the next three planting seasons. The World Bank mobilized $5 million for the current long rains 2009 planting season, providing valuable lessons for the EU funded intervention. The EU grant will focus on seed bulking and multiplication and other activities this year in order for the Government of Kenya to prepare a comprehensive program for the next three planting seasons (September 2009 and 2010, and March 2010). The Food and Agriculture Organization (FAO) is also support the National Accelerated Agricultural Inputs Access Program (NAAIAP) this season with funds that will allow 6,000 farmers to access farm inputs.
Country Context

4. **The food and fuel price crises have had major economic and agricultural impacts.** Kenya's inflation has been high and increasing since the beginning of 2008, mirroring developments in international food prices. The official overall inflation rate increased rapidly from 12 percent in December 2007 to 31.5 percent in May, 2009. Rising food prices and the cost of fuel and transportation have been the main drivers of inflation. In Nairobi, the wholesale price of maize, which is Kenya's staple food, started rising from about US$2251MT in January 2008 until May 2008, when it reached a peak price of US$380IMT. Prices eased a bit following inflows from neighbouring countries, only to rise again in October 2008. Wholesale prices have remained high since then, due to high maize prices in source markets. Consequently, the price of maize flour shot to a high of Ksh 120 (US$1.5) per 2kg bag in late November 2008, from about Ksh 48 (US$0.60) around the same period in 2007. Consequently, most of the poor in both rural and urban centers could not afford to buy maize flour, prompting a Government intervention, introduced in December 2008 that aimed to reduce the price of retail maize flour by providing subsidized maize to selected millers. While the price surge in Kenya was less steep than the overall global trend, Kenyan prices have remained high, even after global prices eased off, mainly due to constrained local supply.

5. **The full impact of the global increase in oil and fertilizer prices is already being felt in the country, with fertilizer prices increasing by more than 200 percent between January and April 2008.** As a consequence of high input prices and the post-election crises in early 2008, only 75 percent of total farm area was planted with maize during the main growing season, which started in April 2008. The October to December short rain season was poor in most parts of the country, including the highlands. In the marginal agricultural areas east of Nairobi, there has been total crop failure. With the long rains harvesting from Kenya's grain basket of the North-Rift complete, production is estimated at 2.25 million MT, which is 20 percent lower than in 2007/08. Kenya's national maize production is estimated to be only 2.43 million MT against an estimated national consumption of 3.15 million MT. From the statistics available, it is evident that the country will face a maize shortfall for about four months before its next big harvest, which starts in October 2009. The President of Kenya recently declared the food shortage a national disaster and appealed for international support to help deal with the disaster.

6. **The food crisis has had a significant impact on the GoK's budget.** The GoK's maize flour subsidy program (see paragraph 4) has an estimated cost of Ksh 7 billion (US$89 million). The GoK waived import duty on maize imports and a US Government guarantee of US$83 million to import American maize is being considered. A total of 670,000 MT of maize are planned to be imported by the GoK and the private sector to close the consumption gap. While most of these interventions are geared towards easing the current food shortage, there is need to boost production in the coming seasons, thereby ensuring adequate supply in the coming year. Input markets are well developed, but many poor and vulnerable smallholders cannot afford the seeds and fertilizer to guarantee good yields to boost next year's production.
Sector Context

7. The performance of agriculture greatly affects the poor in Kenya, as 67 percent of the population and 80 percent of the poor live in rural areas and depend on agricultural activities for their livelihood. The sector directly contributes 24 percent of GDP. Annual agricultural growth averaged 3.5 percent in the 1980s, but declined to 1.3 percent in the 90s. In this decade, GoK efforts focused on reversing agriculture's poor performance have started to bear fruit with the compound average sector growth rate increasing by five percent between 2001 and 2007. This improved performance suffered a setback in 2008, due to disruptions in production associated with the unrest after the elections, poor rains in some localities, and uncertainty about the GoK's policy on agricultural pricing and marketing, with production suffering a 20 percent reduction from the previous year.

Project Development Objectives

8. The objective of the Project would be to assist the Recipient to increase access to agricultural inputs and technologies among targeted smallholder farmers. This improved farmer access is expected to contribute to higher yields, household food self-sufficiency and the generation of surpluses for sale, as well as reduced gap between domestic production and consumption in 2010 and 2011.

Summary of Expected Project Components

9. This support will focus on enhancing smallholder farmer's access to farm inputs. The support will leverage additional resources to upscale two ongoing Government programs for increasing access to farm inputs: (a) Kilimo Biasha, the input credit scheme for farmers channeled through commercial banks, and; (b) Kilimo Bora, an ongoing voucher scheme for the very poor and vulnerable. The project will also ensure availability by supporting farmer led production and marketing of seeds for orphan crops and for crops which will be used to lower the cost of animal feed. It will also support agro-dealer developments to ensure a sustainable, private sector driven approach, and where needed ensure that the packaging of seeds and fertilizers into small packs affordable to farmers. There are three components under the project:

(a) **Component One: Up-caling the existing Kilimo Biashara agricultural credit program** at a cost of €5 m. The project will build on the partnership already established between the Government, the International Fund for Agricultural Development (IFAD) and the Alliance for the Green revolution in Africa (AGRA) and Equity Bank to leverage additional credit and scale up loans to farmers. The overall strategy is to leverage Equity bank's enormous resources through a 10% guarantee fund on the basis of which Equity Bank will develop appropriate financial products and provide credit facilities of up to US$ 50 million to smallholder farmers, agro-input dealers and other value chain players in the agricultural sector.

(b) **Component Two: Upscaling the existing input voucher scheme (Kilimo Bora)** in selected districts through the Government's National Accelerated Agricultural Input Access Program (NAAIAP) at a cost of €9.98 m. This seed and input voucher scheme targets more vulnerable farmers who cannot access credit for various reasons. Existing
community committees would identify farmers based on agreed criteria. Capacity building of farmers, Community Committees and accredited Agro-dealers on input use, crop husbandry and other farming technologies would be financed. Beneficiary farmers would then access inputs through private sector agro-dealers. Ministry of Agriculture district teams would supervise, monitor and provide quality control.

(c) **Component Three: Supporting public-private partnerships working along the agriculture input value chain** at a cost of €3.77m. This component would address the constraints that inhibit productivity and access to input markets and would be implemented mainly through existing successful NGO programmes in conjunction with the Kenya Agricultural Research Institute (KARI). This would include:

(i) Promoting farmer involvement in seed bulking and multiplication of orphan and other crops, including crops such as sorghum, cassava and millet which could be important in providing alternative ingredients to maize in animal feed production. The cost of animal feed, which accounts for almost 60% of the smallholder cost of producing milk, has more than doubled due to high cost of raw materials. This would include expanding the irrigated area for seed multiplication at KARI seed production centers.

(ii) Promoting agro-input and seed fairs would be organized to enable farmer organizations to market their seeds. Support to upscale successful schemes such as sweet potato multiplication would be financed. Capacity building for extension services, for NGO programmes, and for the strengthening of community organizations and their accountability would be provided.

(iii) Capacity building for agro-dealers. The project would support AGRA's ongoing efforts to expand and strengthen networks of "agro-dealers," or small farm retailers, most of whom are women through provision of training, capital and credit to establish certified agro-dealers. Most retailers are themselves farmers and are in an ideal position to advise their customers about which types and amounts of seeds or soil nutrients will work best in local climates and soil conditions. Already 700 agro-dealers have received training and credit through the Agricultural Market Development Trust, (AGMARK). In addition a total of 1,000 stockists have also been trained. In some places, the new businesses have reduced the distance farmers must travel to get farm inputs from 15 to 3 kilometers. AGMARK is set to expand to 30 districts in Kenya.

(d) In addition, the project would cover Government operating costs, monitoring and evaluation, and communications and information sharing at a cost of €0.44m.
Expected Outcomes

10. The Project is expected to result in 700,000 smallholder farmers having access to an appropriate package of seed and fertilizer.

**Overall impact indicators include:**
- Incremental production of 210,000 MT of maize and other staple crops over the next three seasons.
- Maize yields in areas targeted by Kilimo Bora and Kilimo Biashara increased from 6 bags\(^{12}\) per acre to 15 bags per acre (and an equal increment for other staple crops).

**Project outcome indicators include:**
- Number of farmers receiving fertilizer and improved seed.
- Incremental farmers accessing commercial credit.

**Intermediate Results include:**
- Number of farmers receiving vouchers.
- Fertilizer and seed distributed to farmers (tons);
- Incremental farmers receiving credit from participating commercial banks
- Incremental farmers receiving inputs from NGO programmes
- Implementation progress reports and financial monitoring reports available monthly.
- Up-to-date M&E information available quarterly.

\(^{12}\) A bag of maize is 90 kilograms, and is the most commonly used measure of maize production in Kenya.
ANNEX IE – LAO PDR

PROPOSED GRANT UNDER THE
EUROPEAN UNION FOOD CRISIS RAPID RESPONSE FACILITY
IN THE AMOUNT OF EURO 4.8 MILLION
TO THE LAO PEOPLE’S DEMOCRATIC REPUBLIC
FOR ADDITIONAL FINANCING TO THE
GLOBAL FOOD CRISIS RESPONSE PROGRAM

PILLAR I: LAO UPLANDS FOOD SECURITY IMPROVEMENT PROJECT
(LUFSIP)

Introduction

1. Laos has the most rapidly increasing population in the Region, projected to rise to about 7.3 million by 2020. Only about one third can be considered fully food secure in terms of 12 month rice availability and poor communities in the uplands of Laos frequently face rice shortages for 3-4 months or more of the year, especially in the mid to late wet season. Increases in rice yields and total production are not matching population growth rate. Without a concerted effort to both increase productivity and improve the purchasing power of isolated communities, the country will face a serious long term problem of food insecurity.

2. Chronic malnutrition in the uplands is severe, and every second child in rural areas is chronically malnourished; malnutrition has not changed over 10 years of rapid economic growth. Only four percent of the total land area of Laos is cultivated and 70% of that cultivated area is sown to rice. Upland areas account for about 12% of rice production and 20% of sown area, but upland varieties are nevertheless important locally due to taste and other preferences. Important upland rice biodiversity is under threat as a result of the focus on slash and burn reduction. Improving productivity of upland rice in areas where villages have been consolidated under a range of Government of Laos policies is important to overall food security, at least in terms of caloric intake. Food insecurity in the uplands is also limited by poor nutrition. Both incomes and access influence food intake and quality. Improving incomes through small scale enterprises such as backyard pigs and poultry and value adding of non timber forestry can also be important and numerous models developed by bilateral and multilateral partners, exist.

3. The proposed project responds to Government requests for a project to: (i) provide short and medium term relief and recovery assistance to the victims of Cyclone Ketsana which swept through Southern Lao PDR on 29 September 2009, and (ii) expand the adoption of conservation agriculture practices for improved food security, including the development of greater capacity to multiply high quality seed of upland varieties of rice. It also reflects the outcome of community consultation in project areas during September 2009 in which improvements to rice yield and the production and marketing of livestock were among the five highest priorities expressed by focus groups, particularly women’s groups.
4. The project would also serve as a pilot for implementation of food-security and agricultural livelihood related small infrastructure projects such as irrigation improvement, grain storage and livestock facilities. Through the Poverty Reduction Fund (PRF), the Government of Lao PDR has had experience of community-led participatory planning and delivering small community-led infrastructure for improved service delivery (access roads, primary schools, health clinics, water supplies, etc.). Activities funded under this project would build on this existing PRF capacity and delivery mechanisms to deliver small infrastructure targeting improved community food security and agricultural livelihoods (markets, irrigation systems, grain storage and livestock facilities etc). In this regard, the project would explicitly seek links with other groups working or proposing to work in the uplands, such as the German Technical Cooperation Agency (GTZ) and the Northern Upland Development Project of the EC.

**Project Development Objectives**

5. The development objective of the Lao Uplands Food Security Improvement Project (LUFSIP) is to:

   (a) contribute to improved food security of rural households in selected poor villages in upland areas in the Project Provinces by demonstrating and implementing improved rice-based farming systems; and

   (b) address recovery needs of cyclone-affected households in the Xekong, Saravane and Attapeu provinces.

The total cost of the project is estimated at US$ 14.6 million. It consists of four components:

**Component 1: Support to Conservation Agriculture Stations and Seed Multiplication Centers (total cost US$2.03 million).**

**Component 2: Support to Improved Farm Systems for Food Security (total cost US$3.33 million).**

Sub-component 2a: Support to Farmers Livelihood Groups and On-Farm Demonstrations (total cost US$1.92 million).


**Component 3: Support for Rural Infrastructure Improvement and Community-led Recovery (total cost US$7.92 million).**

Sub-component 3a: Rural Infrastructure for Improved Agricultural Livelihoods (total cost US$3.73M).


**Component 4: Project Coordination and Management (total cost US$1.31 million).**
Summary of Expected Project Components

Component 1: Support to Conservation Agriculture Stations and Seed Multiplication Centers

This component is implemented by the National Agriculture and Forest Research Institute (NAFRI) and the Department of Agriculture (DOA). It supports three types of activities:

- The increased production of good quality breeder (R1) and foundation (R2) seeds by NAFRI.
- The demonstration of conservation agriculture and the training of National Agriculture and Forestry Extension Service (NAFES) and contact farmers (NAFRI).
- The improvement of Ministry of Agriculture and Forestry (MAF) capacity to ensure seed quality control (DOA).

The Implementation arrangements are as follows:

- NAFRI and DOA are responsible for the planning, budgeting, delivery and monitoring/reporting of activities and progress.
- The department of Planning (DOP) is responsible for the approval of the component’s (NAFRI’s and DOA’s) annual work programs and budgets.
- The Project Coordination Office within DOP is responsible for: (i) the coordination of component implementation; (ii) the procurement of goods and services to be funded under the component; (iii) the funding of NAFRI’s and DOA’s approved work programs and budgets; and (iv) the monitoring & evaluation of implementation progress and impact.

Component 2: Support to Improved Farm Systems for Food Security

This component includes two sub-components:

- **Sub-component 2a** provides food security support to farmers in the upland (and associated lowland) areas of five provinces - Luang Namtha, Houaphan, Xiengkhouang, Savannakhet and Xekong through: (i) the multiplication and distribution of seeds (R3) of improved varieties of upland rice and forage crops (Stylo); and (ii) the demonstration and diffusion of technologies to improve upland rice-based farming systems.
- **Sub-component 2b** supports, during the first two years of project, priority recovery activities related to losses and damages in three cyclone-affected provinces of
Xekong, Saravane and Attapeu, through the provision of emergency inputs to affected poor households/communities.

**Implementation arrangements:**

- NAFES is responsible for the planning, delivery and monitoring/reporting of component’s activities and progress.

- The DoP will be responsible for the approval of the component’s (NAFES’s) annual work programs and budgets.

The National Coordination Office (NCO) within DOP is responsible for (i) the coordination of component implementation; (ii) the procurement of goods and services to be funded under the component; (iii) the funding of NAFES’s approved work programs and budgets; and (iv) the monitoring & evaluation of implementation progress and impact.

**Component 3: Support for Rural Infrastructure Improvement and Community-led Recovery**

This component will develop and/or rehabilitate small community infrastructure such as small-scale irrigation schemes, feeder roads and tracks, livestock fencing and handling facilities and grain storage, among others. It will be implemented by the Poverty Reduction Fund (PRF) in close collaboration with the Ministry of Agriculture and Forestry (MAF).

This component includes two sub-components:

- **Sub-component 3a.** The target beneficiaries will be communities in 19 of the 47 poorest districts of the country covered by the PRF mandate, and located in the 5 provinces of Xiengkhouang, Houaphan, Luang Namtha, Savannakhet and Xekong. The component will provide grants to poor communities for the implementation of their priority agricultural productive needs (sub-projects) as determined through PRF’s normal procedures.

- **Sub-component 3b.** This subcomponent will support community-led recovery in 13 cyclone-affected districts of Saravane, Xekong and Attapeu Provinces. It will provide grants for the rehabilitation of specific damaged agricultural infrastructure as identified by the Ketsana Post-Disaster Damages, Losses and Needs Assessment (PDNA) conducted during October - November 2009, which have been validated through PRF-led rapid community consultation.
Component 4: Project Coordination and Management

This component is implemented by the NCO established within the DOP for the coordination and overall management of the project. The NCO will be led by a Project Director (PD) nominated by the Minister of MAF. The component will fund:

- At Headquarters: (i) a management officer; (ii) a full time (local) procurement specialist; (iii) a full time (local) financial management specialist; (iv) an accountant; and (v) support staff (about 4 including secretarial staff and drivers).

The NCO will recruit at Provincial level, one staff (on contract) per participating province (7) to coordinate provincial work and liaise with HQs.

In addition, the NCO is supported by part time externally hired international procurement and full time financial management specialists that it will share with the RPIP (75/25).

The component will also support the implementation of:

(i) a training program on matters directly related to project activities; and

(ii) a monitoring and evaluation (M&E) system to track project implementation and impact.

1. Reallocation of EU FCRR TF Grant Agreement No. 097058:

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<tr>
<th>Category</th>
<th>Current Allocation</th>
<th>Proposed Increase/Decrease</th>
<th>Proposed Reallocation</th>
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<td></td>
<td>Original in EUR</td>
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PILLAR II: COMMUNITY NUTRITION PROJECT

Introduction

1. The original Community Nutrition Project (CNP) comprises three components, namely (a) Conditional Cash Transfers (CCT) to Stimulate Demand for Key Maternal and Child Health Services (US$1.2 million) in the catchment areas of 50 selected health centers in 7 southern and central Provinces; (b) Community-Based Health and Nutrition Program (CBN) to Stimulate Behavior Change and Mobilize Mutual Support to Improve Nutrition (US$0.45 million) in about 150 remote communities across 7 southern and central Provinces; and (c) Project Support and Management (US$0.35 million).

The proposed additional funds would increase financing for two of the three components of CNP, namely: The Community-Based Health and Nutrition Program to Stimulate Behaviour Change and Mobilize Mutual Support to Improve Nutrition component (from US$0.45 million to US$1.27 million, component B of the original project); and the Project Support and Management component (from US$0.35 million to US$1.65 million, component C of the original project).

2. The proposed additional financing of the two components of Community Nutrition Project (CNP) follows findings from a Project implementation support mission undertaken in November 2009 that highlighted significant supply-side constraints in the Lao health system, including those related to staffing, training and supervision, and the supply of basic drugs and equipment. Through increasing the coverage of Community Based Health and Nutrition Program (CBNs) within the target Project Provinces, the changes also address findings that the original design did not include sufficient support for community mobilization, and more appropriately address the recent decision to focus the Project in low-capacity areas. Participants highlighted the importance of grassroots communication in settings such as Laos, where peer groups are an important source of information, to promote new programs and opportunities such as those offered by the Conditional Cash Transfers. The design of the primary project interventions remains unchanged, and all modifications are expected to increase the coverage and improve the effectiveness of the original activities by directly addressing capacity and other constraints to providing health and nutrition services of adequate quality.

Project Development Objectives

The Project Development Objective remains unchanged from the ongoing CNP. The objective of the ongoing CNP is to improve coverage of essential maternal and child health services and improve mother and child caring practices among pregnant and lactating women and children less than two years old in the seven southern and central provinces. This objective will be achieved by increasing population contacts with the health system. Health promotion and education from service providers will be complemented with community mobilization to increase the supply of Maternal, Neonatal and Child Health (MNCH) supplies as well as to effect change in behaviours.

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1 The full number of communities is dependent upon the health centers ultimately included, but is expected to include approximately 400 communities.
that impact on nutritional outcomes, such as breastfeeding and complementary feeding, hygiene and sanitation, and diversity and nutritional value of food intake.

Summary of Expected Project Components

The additional financing does not require changing any of the existing outcome indicators and/or expected outcomes since these are covered by existing Project indicators. However, additional indicators relating to the capacity building activities will be added and tracked. These will focus on the number of low and mid-level health workers being trained and the additional supervision activities, and the following are proposed:

- Number of Project-supported health centers in which staff have been fully trained in the five-module MNCH course.\(^2\)
- Number of Project-supported health centers which have received four (quarterly) supportive supervision visits in the last 12 months.

A first round of baseline survey data will be collected at the start of Project activities, and a follow-up survey will be implemented in the final year of the Project. The survey data provide information on progress on a number of key indicators, while also providing the basis for a more rigorous impact evaluation. The aim of a quantitative evaluation of the CCT and CBN programs is to generate credible evidence on the impact of the respective programs on the outcomes of interest. With this in mind, data will be collected from both households that are exposed to the programs and relevant comparator households. Separate funding (World Bank executed) is being mobilized to support these baseline and follow-up surveys.

Additional Financing of Community-Based Health and Nutrition Program to Stimulate Behavior Change and Mobilize Mutual Support to Improve Nutrition Component

More than a third of the additional financing will be used to increase the coverage of CBN within the Project Provinces from a planned 150 communities to approximately 500 communities. Funds will be used to support the increased supervision costs incurred by the MOH and the Laos Women’s Union (LWU) as the Project is expanded to additional communities, as well as the increased implementation costs to the LWU and the organization contracted to assist in the CBN design and implementation.

Additional Financing of Project Support and Management Component

Support will be provided for several additional activities under this component. The following activities would be eligible for financing: (a) system support for core MNCH interventions; (b) capacity building for health center staff, and (c) other incremental operating costs.

Under system support for core MNCH interventions, a portion will be used to ensure that the health system is able to deliver the services included in the CCT package. The aim is to increase access to essential MNCH interventions – such as for family planning, micronutrient supplementation, and de-worming treatment – through ensuring a functioning supply system in the project area. This will be achieved through expansion of the system developed by the

\(^2\) Training may, in some cases, be split between staff members.
UNFPA-supported Community Based Distributor (CBD) program that provides family planning services in remote communities. This activity will be implemented in close coordination with the Maternal Child Health Center (MCHC) and the United Nations Population Fund (UNFPA). The package of items supported by the CBDs will also be increased. While the existing package of services focuses exclusively on family planning supplies, the expanded package will also include micronutrient supplements and de-worming tablets. At the same time, the scope will be expanded to cover remote communities throughout the Project area. The additional financing will support training, supervision and implementation costs associated with expanding the CBD system to the project area. CBDs already established in the project areas will receive training in the newly expanded package of services offered, while newly recruited CBDs will receive more comprehensive training in the program’s procedures and requirements, as well as in the distribution of the CBD supplies.

Staffing constraints will be addressed through capacity building for health center staff, which will support a combination of in-service training in the five-module MNCH curriculum recently introduced by MOH, and the piloting of supportive supervision. As initial assessments have highlighted critical gaps in health worker capacity, therefore training efforts will be concentrated during the first several quarters of project implementation, with refresher training provided at regular intervals thereafter. The Project will seek to ensure that, at a minimum, one person from each targeted health center receives comprehensive training through the MNCH course. As a complement to training, support will be provided for supportive supervision activities; this approach has recently been introduced to support expanded program for immunization (EPI) initiatives. It is expected that broadening the scope of these supervision activities will lead to a more integrated approach to MNCH activities. In conjunction with staff training, supportive supervision will enable health workers to be more proactive and responsive to community needs. The supervision is expected to foster stronger ties between the district and village health care system, providing constant monitoring and immediate feedback to health workers on identified issues.

With regard to other incremental costs, these would include expenditures incurred in managing and coordinating the implementation of the Project, including the costs of office equipment and supplies, travel costs including per diems and lodging of staff, fuel costs, vehicle maintenance, communications, utilities, and consumables, which expenditures would not have been incurred absent the Project but excluding salaries or salary supplements of staff.

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3 The UNFPA-supported project currently provides family planning supplies in remote areas of four of the 7 Provinces supported by the CNP: Xekong, Salavane, Attapeu, and one district in Savannakhet.
4 The five-module course is a recent initiative launched by the MOH to address critical capacity gaps in providing MNCH care, and aims to ultimately provide training to all basic health care workers. As each of the modules is a stand-alone course, training may, in some cases, be split between staff members.
### Project Development Objective

<table>
<thead>
<tr>
<th>Project Outcome Indicators</th>
<th>Use of Project Outcome Information</th>
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<tbody>
<tr>
<td>• Percentage of pregnant women with two or more antenatal care consultations with a trained health professional</td>
<td>Baseline data will be used to inform Project design; endline data will be used for impact evaluation.</td>
</tr>
<tr>
<td>• Percentage of pregnant women who delivered in health facility</td>
<td></td>
</tr>
<tr>
<td>• Percentage of children between 6 and 59 months who received vitamin A supplement during the last year</td>
<td></td>
</tr>
<tr>
<td>• Percentage of children under one year of age immunized with the vaccine “DPT3”.</td>
<td></td>
</tr>
</tbody>
</table>

### Intermediate Outcomes

**Component 1: CCTs**

<table>
<thead>
<tr>
<th>Project Outcome Indicators</th>
<th>Use of Project Outcome Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of health centers that are operating the CCT program</td>
<td>Routine data on some indicators will be used for Project management.</td>
</tr>
<tr>
<td>• Percentage of women in target areas who received at least one conditional cash payment in the last year</td>
<td>Baseline data will be used to inform Project design; endline data will be used for impact evaluation.</td>
</tr>
<tr>
<td>• Extent of leakage to non-eligible populations (qualitative indicator based on mid-term assessment)</td>
<td>Qualitative data will be used to inform Project management.</td>
</tr>
<tr>
<td>• Percent of women who receive a CCT payment for delivery who deliver in a health facility</td>
<td></td>
</tr>
<tr>
<td>• Percentage of children under two years of age who attended a well-baby consultation in the last year</td>
<td></td>
</tr>
<tr>
<td>• Percentage of women of reproductive age who received iron supplements in the last year.</td>
<td></td>
</tr>
</tbody>
</table>

**Component 2: CBN**

<table>
<thead>
<tr>
<th>Project Outcome Indicators</th>
<th>Use of Project Outcome Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number of communities in which the community nutrition program is operating (facilitators have been trained and meetings are held regularly)</td>
<td>Routine data on some indicators will be used for Project management.</td>
</tr>
<tr>
<td>• Total number of community meetings organized</td>
<td>Baseline data will be used to inform Project design; endline data</td>
</tr>
<tr>
<td>• Average number of participants in community meetings Percentage of women who practice post-partum food restrictions</td>
<td></td>
</tr>
</tbody>
</table>

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5 “Percentage” refers to the population eligible for the intervention(s) in the targeted areas.
6 “Appropriate” hand washing behaviour includes time of washing — after handling feces and before food preparation; and the technique used — using soap, ash or other aid, for long enough, using clean water.
<table>
<thead>
<tr>
<th>Intermediate Outcomes</th>
<th>Project Outcome Indicators</th>
<th>Use of Project Outcome Information</th>
</tr>
</thead>
</table>
|                      | • Percentage of infants under six months of age who are fed exclusively with breast milk  
• Percentage of children between 6 and 23 months of age who receive foods from four or more food groups  
• Percentage of women or caregivers with appropriate hand washing behavior\(^6\)  
• Percentage of children under five years of age with diarrhea in the past two weeks (diarrhea is defined as more than three loose stools in 24 hours) | will be used for impact evaluation. |
| Component 3: Program Support and Management | • Availability of annual report that summarizes key lessons from implementation, drawing on routine supervision and process evaluation  
• Number of Project-supported health centers in which staff have been fully trained in the five following modules: maternal, neonatal, and children’s health course  
• Number of Project-supported health centers which have received four quarterly supportive supervision visits in the last 12 months  
• Number of CBDs trained  
• Number of household visits by CBDs | Process evaluation will be used for Project management. Baseline data will be used to inform Project design; endline data will be used for impact evaluation. |
ANNEX IH – KYRGYZ REPUBLIC

PROPOSED GRANT UNDER THE
EUROPEAN UNION FOOD PRICE CRISIS RAPID RESPONSE FACILITY
IN THE AMOUNT OF EURO 6.7 MILLION
TO THE KYRGYZ REPUBLIC
FOR SUPPORT TO ANIMAL HEALTH AND FEEDING

Introduction

1. The incidence of poverty in Kyrgyzstan remains one of the highest throughout the region and more than 76% of the population lives in rural areas, mostly working in agriculture.

2. Cropping is driven by each family’s subsistence needs, particularly for cereal crops, with any surpluses providing cash income. Fodder crops are an important priority in a rural economy where even landless households own some livestock. The productivity of cereal, fodder and other crops, which make up the mixed farming system, are constrained by a wide range of factors but insufficient access to high quality seed and to fertilizer are two critical constraints. This is a result of both insufficient access to finance and inadequate knowledge of good crop production methods, particularly in the lowest income households.

3. Since the area of land is relatively small fragile and while pasture areas are abundant, livestock is an important additional source of income. Livestock is of great economic and nutritional importance especially in mountainous areas, where it plays a vital role by providing food for the family table, cooking fuel, products for sale on in local markets, and a source of additional income, being disposed for cash in times of unexpected need. Crop and livestock productivity therefore have a direct impact on food security both in terms of home consumption and provision of cash to buy food.

4. According to livestock disease data, zoonotic diseases have already become both an economic and social problem that afflicts the livestock-based population, increases their vulnerability and aggravates rural poverty. For people living on less than $2.15 per day, death of even one animal or culling because of an infectious disease has a disastrous effect on household food security and nutrition. Evidence from the State Veterinary Department (SVD) 2008 suggests that the livestock population in Kyrgyzstan is still continuously exposed to the risk of livestock diseases which results in a significant reduction in livestock production and impedes livestock development.

5. Improving livestock productivity requires a comprehensive package of measures. Access to and productivity of Kyrgyzstan’s enormous pasture resources are the key determinants of

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7 Livestock contributed 44% to sector growth between 1992 and 2004 (World Bank Livestock Sector Review 2006)
8 SVD Annual Report on Infectious Disease Incidence, 2008
livestock productivity during the summer. The availability and quality of fodder strongly influences livestock condition through the winter. While animal nutrition is critical in its own right, it is also an essential foundation for a successful disease control strategy since undernourished animals with weak immune systems are at much greater risk of infection and less responsive to vaccination. The proposed program of EC support therefore includes an animal health program and an animal feeding program.

**Project Development Objectives**

6. The objective of the program is to improve the institutional and infrastructure environment for more productive, profitable and sustainable livestock production by pasture users and smallholder farmers and reduce the economic impact of the zoonotic disease burden in the human population.

The outcomes of the animal health program are expected to be:

- Strengthened capacity of SVD in disease surveillance and control. Strengthened awareness and capacity of rural communities and animal health workers in disease control.
- Increased coverage of vaccination and testing programs for target diseases (Brucellosis, Echinococcosis, Anthrax, Rabies, Peste des Petits Ruminants (PPR) and Foot and Mouth Disease (FMD)).
- A sustained decline in the incidence of targeted infectious diseases in animals and zoonotic diseases in humans.
- Strengthened capacity of private veterinarians in disease control.

The outcomes of the animal feeding and crop production program are expected to be:

- Rural communities better prepared for and able to respond to drought.
- Increased access to improved pasture infrastructure.
- Improved fodder/feed production and storage.
- Improved livestock growth and survivability.
- Improved food supply for poor households in the target area.

**Summary of Expected Project Components**

7. EC funding will support the development of a national disease control action plan; establish an animal disease surveillance and monitoring system through improvement of surveillance systems, upgrading of laboratories and establishment of a national animal disease information system; support a nation-wide public information campaign; improve training facilities and training SVD Republican Centre for Veterinary Diagnostics (RCVD), Veterinary Research Institute (VRI), and private vets; implement a comprehensive, nationwide vaccination and testing program for six diseases (Brucellosis, Echinococcosis, Anthrax, Rabies, PPR and FMD); and conduct monitoring and evaluation to assess the effectiveness and impact of the program.\(^9\)

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\(^9\) This will be complemented by detailed economic analysis now being conducted undertaken under the World Bank funded One Health Program.
8. EC funding for animal feeding will allow implementation of a new training program for 454 Pasture Management Committees (PMC)s in drought preparedness and allow geographical expansion of the special extension program for animal and crop husbandry established under the Agricultural Investments and Services Project (AISP); provide grants to communities for investment in pasture infrastructure and improvement; and provide start up capital in the form of seed and fertilizer for community seed funds for fodder and other crops.

Component 1: Animal Health

9. The animal health activities will be implemented under the ongoing World Bank AISP Livestock and Veterinary Services Sub Component. The project will assist the SVD to improve its international evaluation (OIE/PVS) rating to a satisfactory level and to position it for effective fulfilment of its mandate for zoonotic disease monitoring and control. The SVD is already receiving considerable support under the EU Food Security Program (EUFSP) and under the ongoing Avian Influenza Control Program. The EC funding under the AISP will complement these efforts and build on them.

(a) National Disease Control Strategy and Action Plan

10. The program will provide international and local TA to support the development of a “documented and approved” science based national animal disease control strategy and annual disease control plans.

(b) Animal Disease Surveillance and Monitoring

(i) Surveillance

11. The program will support the implementation of more effective scanning and targeted surveillance methodologies to refine and focus the vaccination programs supported under the project and provide for ongoing monitoring of disease burden in the national herd and flock. This will include technical assistance, training and equipment to SVD VRI, RCVD and especially training for the SVD epidemiology unit to manage this process as well as equipment for the VRI.

12. The project will also provide funds for additional capital investments and capacity building for the Central Veterinary Laboratory so as to strengthen laboratory diagnostic capability, particularly as it relates to brucellosis and other target diseases.
(ii) National Animal Disease Information System

13. As part of the establishment of the National Animal Disease Information System (NADIS), the so-called “Vaxit system” for monitoring vaccine utilization will be established in the Epidemiology unit. NADIS will provide the information and management required to develop the national vaccination strategy and the medium term and annual vaccination plans described above. The program will finance computer equipment, installation of Vaxit monitoring systems and training of SVD staff required for establishment of NADIS.

(c) Public Information Campaign

14. EC funding will provide for a nation-wide public information campaign which will involve village meetings with village health committees and farmers organisations by community health workers and extension services as well as radio and TV bulletins. This information campaign will explain the benefits of the program in terms of human health and livestock productivity, provide details of how the vaccination campaign will be implemented in the villages and what other measures the public can take to minimise transmission of zoonotic diseases.

(d) Training

15. Training Vets: The program will fund short term training of 175 state and 1000 private vets such as veterinary practice management, clinical practice, epidemiology, pharmacology, parasitology, vaccination management, biosecurity and movement control, veterinary legislation and regulatory control.

16. The program will equip an existing training room in the Kyrgyz Agrarian University to improve their facilities to provide veterinary training to veterinarians and veterinary graduates.

17. The program will also equip a basic office for a newly established veterinary chamber, which will provide recommendations on licensing of private vets and help to develop refresher training programs for vets to ensure that they maintain up to date knowledge and standards of practise.

(e) Procurement of Equipment for SVD and Private Vets

18. The program will fund the improvement of the cold chain for vaccines and provide notchers and pliers, protective clothing, refrigerators and generators to 1000 private vets to support the vaccination program.

(f) Procurement of Vaccines, Diagnostic Kits and Disinfection Materials

19. The program will procure vaccines for Brucellosis, Anthrax, Rabies, PPR and FMD and anthelmintics for dogs to prevent the spread of echinococcosis, diagnostic kits for tuberculin testing and disinfectant and other tools for control of anthrax burial grounds and other uses.

(g) Vaccination Program Delivery
20. The program will be implemented through a network of public and contracted private veterinarians and supported with technical assistance, contracting and operational expenses as deemed necessary and considered to be sustainable through the ongoing Government of Kirghizstan (GOK) recurrent budget after the project. The program will be preceded by a comprehensive public awareness campaign to sensitize producers, gain acceptance and buy-in to maximize farmers’ own participation and support and future sustainability on a fee-for-service basis and to highlight international support from the EU and other donors.

21. Between January 2011 and April 2012, the program will administer over 7,000,000 brucellosis vaccinations for sheep, over 420,000 doses of anthelmintics for treatment of Echinococcosis in dogs, over 3,900,000 vaccinations of ruminants horses and pigs for anthrax, over 630,000 vaccinations of dogs and ruminants for rabies, over 980,000 vaccinations of ruminats for FMD and 850,000 vaccinations of sheep and goats for PPR. These programs will be continued by SVD in the remainder of 2012 and beyond.

(h) Monitoring and Evaluation

22. The project will provide support for monitoring and evaluation of the vaccination program focussing on reconciliation of procurement, inventories, distribution, delivery and application of vaccine in the field. This will help to identify means of improving vaccination results in terms of reduction in disease incidence and prevalence.

Component II: Animal Feeding and Crop Production

23. It is recognized that increasing the productivity of agriculture in which livestock production, pasture production, fodder and other crop production, which are part of an integrated farming system, is critical to raising the food security of the rural population.

24. The animal feeding activities component strongly complement the animal health component. A minimum level of adequate animal nutrition is essential for animal health, to ensure protective immune response to the vaccination program and to ensure survivability in the face of the food and feed crisis.

25. The animal feeding and crop production component: will train trainers and farmers to adopt improved livestock and crop management practises; provide training and pasture investment grants to PMCs to improve access to pastures, improve pasture management practises and increase their preparedness for drought; and will provide start-up capital to community seed funds in the form of seed and fertilizer for fodder and food crops.
(a) Special Extension Program in Animal and Crop Husbandry

26. The program will be implemented by the Training Advisory and Innovation Center (TAIC) as a significant extension of the existing programs under AISP. The aim of the program is to raise the level of expertise of trainers and farmers in animal and crop, husbandry including animal feeding. The program will support integrated production management training including sheep, goat, cattle, poultry, cereal, potato, and vegetable production involving over 100 farmer field schools, providing intensive training to about 2000 farmers and 100 trainers. The program will also support a program of demonstrations for improved soil management involving about 250 demonstrations and demonstrations for livestock production involving 160 demonstrations and benefitting over 9000 farmers.

(b) Training PMCs in Drought Preparedness

27. The training program will be implemented by TAIC as an additional special program under the AISP Agricultural Support Services Component. It will involve training of trainers and the preparation of a training program for pasture management committees in community pasture management planning, including drought preparedness as well as planning and management of micro projects to be financed under the pasture investment grants described below.

(c) Pasture Investment Grants

28. The 2009 Pasture Law delegates authority for the management of pastures to communities through PMCs. The program will provide grants of up to 200,000 Kyrgyz Som per MPC for 454 PMCs to implement micro projects, part of their community based pasture plans. Micro projects will support improvements of tracks, bridges and watering points to improve access to pastures, including remote pastures and reduce grazing pressure on village pastures and other measures to improve pasture quality. The program will be managed through the Community Investment and Development Agency (ARIS)\(^{10}\).

(d) Community Seed Funds

29. To improve the access of the poorest members of rural communities to quality fodder crop and food crop seed, the program will provide seed and fertilizer to 75 community seed funds (CSF) benefiting about 1800 farmers. Eligible CSFs will receive a start-up grant in the form of seed and fertilizer; they may choose the crop(s) for which they wish to receive seeds. Each year an equivalent quantity, plus 25% to cover costs and expand the size of the seed fund, will be returned to sustain and expand the seed fund and increase the number of beneficiaries. The program will be managed by the National Federation of Community Seed Funds (NFCSF). All seed distributed to CSFs is procured from local seed farms; properly treated; of varieties listed by the State Commission for Variety Testing (SCVT); and tested and certified by the Republican State Seed Inspectorate (RSSI).

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\(^{10}\) ARIS was established with World Bank support, has a nation-wide network of community development officers and has over 10 years of experience in managing community based micro projects, including under AISP.
Beneficiaries

30. Benefitting from the Program in terms of improved livestock and crop productivity are primarily small farmers, who own the majority of livestock, part-time farmers with other sources of non-farm income and herders who charge for herding animals in pastures. These stakeholders are dependent on livestock for home consumption of milk, meat, fuel and wool and for cash from any marketed surpluses and as a safety net to meet emergency expenditure needs. In addition to the substantial benefits in terms of animal production, the entire rural population and to a slightly lesser extent the urban population will accrue substantial benefits in terms of improved public health through a significant reduction in the risk of zoonotic disease, lower treatment costs both for individuals and the economy as a whole.
ANNEX II– MALI

PROPOSED GRANT UNDER THE EUROPEAN UNION FOOD CRISIS RAPID RESPONSE FACILITY IN THE AMOUNT OF EURO 14.6 MILLION TO THE REPUBLIC OF MALI FOR THE FOSTERING AGRICULTURAL PRODUCTIVITY IN MALI PROJECT

INTRODUCTION

**Food security and nutrition:** Mali is characterized by chronic food and nutritional insecurity, linked to endemic poverty. Thirty percent of the population benefitted from food aid during the last decade. It is estimated that 25 percent of rural household experience chronic food insecurity, while 32 percent are vulnerable. The national incidence of hunger has declined since 1990, but not by enough to put the country on track toward achieving the first MDG. Malnutrition is also severe in Mali, being directly or indirectly responsible for more than 50 percent of child death under the age of five. Food insecurity and malnutrition were aggravated by the fuel and food crisis of 2008, which induced severe price inflation. In March 2009, food prices are still above 2008 prices and largely above the 5-year average. Climate change, population growth and natural resources degradation are very serious challenges to the mid and long term food security situation in Mali.

**Agricultural context:** Agriculture remains one of the key drivers of the overall economy. Mali agriculture is rain fed for the most part and is highly vulnerable to environmental risks (droughts, floods, irregular rains, locust invasions). There are approximately 800,000 farms in Mali. The vast majority of producers are smallholders: 68 percent of farmers work on less than 5 hectares and 86 percent less than 10; in the livestock sub-sector, half (43 percent) of the producers own a fraction (6 percent) of the national herds. Seventy-two percent of the cultivated area is devoted to cereals, mainly produced for self-consumption. Use of basic agricultural inputs (such as improved seeds, fertilizers, etc) is almost limited to cotton and rice productions. Post harvest losses remain high and processing technologies of agricultural outputs are largely underdeveloped. Agricultural private investments are very low in rural areas, largely due to very limited access to credit.

**Issues and challenges:** The 2007/08 food price crisis showed the importance of supplying the domestic market through increased market shares for local producers. Furthermore, population growth trends throughout the sub-region and progress in regional economic integration, lead to an exceptional potential for food production development and processing. The crisis threatened the urban population’s purchasing power, but at the same time constituted an opportunity for rural producers to increase their incomes through higher producer prices. Raising agricultural production in Mali, implies to modernize farm practices and to continue to develop production and processing infrastructures. This, in turn, will strongly benefit economic growth and poverty reduction. Three key constraints are still hampering the development of Mali agricultural sector and need to be tackled urgently:
a) the lack of productive infrastructures, especially for irrigation development, post-harvest management and processing capacities;

b) the very low agricultural productivity due to the use of low-intensity production techniques, including a very limited use of modern agriculture inputs, poor land and water management and a weak access to farm management advise and financing services. The same applies to the livestock sub-sector, where animal genetics, nutrition and health care are generally poor;

c) the lack of coordination in the sector leading to many fragmented and scattered interventions with limited impact at national level, and to a multiplicity of concurrent strategies for rural development and food security. It is critical that the functional chain between data production, analysis and political decision be restored in the agriculture sector under GoM’s leadership.

d) the lack of investments in farm modernization, productive livestock development, storage and small scale processing facilities, means that rural dwellers are often unable to expand their productive capacities or enter into new forms of productive micro-enterprises. Finance institutions claim that the lack of farm management advice to farmers and/or producers’ organizations (both technical and financial) is the major constraint to authorizing agricultural credit.

OBJECTIVES

The proposed operation intends to contribute to the higher level objective as set in the Government of Mali’s Growth and Poverty Reduction Strategy Framework (GPRSf) of ensuring food security and increasing the income of rural producers. The contribution to this higher level objective will be achieved through the dual approach of modernizing smallholder farming and promoting commercial agriculture and agro-industries, while expanding productive infrastructure and ensuring sustainable management of natural resources.

The development objective of the project is to increase the productivity of smallholder producers involved in productions systems and within the geographic areas targeted by project interventions.

PROJECT DESCRIPTION AND COMPONENTS

Total project’s cost is US$135 million equivalent. The project will be financed by a Specific Investment Loan that will span over six years with an IDA allocation of US$70 million and a grant complement from the Global Environment Fund (GEF) of US$9.1 million. The International Fund for Agricultural Development (IFAD) will co-finance the project with a credit of US$30 million. Through its Food Facility Initiative, the European Commission will provide an additional grant of 14.6 million Euros (US$20 million). The Government’s contribution to the project is estimated at US$5 million. Private contributions of producers, producer’s organizations and others in the value chains have not yet been estimated.
To achieve the proposed objective, the project will address major bottlenecks for agriculture modernization (i.e. low agricultural productivity, lack of productive infrastructures, and deficiencies in sector coordination); it will therefore: (i) enhance farm modernization and the competitiveness of food value chains, through technology transfer and service provision to producers (component 1); (ii) invest in agricultural productive infrastructures (component 2); and (iii) support the policy and institutional environment towards implementation of a comprehensive programmatic approach and sector monitoring (component 3).

**Component 1 - Technology transfer and service provision to producers**

The objective of this component is to boost the modernization of smallholder farming systems and supply chains through the dissemination of technologies and innovative practices and through the professionalization of the agricultural services environment. While operating a “modernization fund”, the project will particularly aim at strengthening and expanding the range and quality of services delivered to producers. It will address the weak capacities of stakeholders involved in service provision, including producer organizations. Empowerment, awareness of responsibilities and capacity building will be critical to promote entrepreneurship and private initiative and contribute to the emergence of an agribusiness minded sector. The project approach will follow two strategic directions:

(a) **Setting-up an efficient financing mechanism for technology adoption**: based on past and on-going experiences of demand-driven procedures and matching grants, the project will develop a special fund for the modernization of farming systems and supply chains, with a view to prefigure an operational mechanism of the National Agricultural Development Fund prescribed in Mali’s 2006 *Loi d’Orientation Agricole* (Agricultural Framework Law or LOA). The fund will include support to ensure sustainable access to advisory services and foster linkages with rural credit.

(b) **Enabling the policy, institutional and financing environment for technology dissemination**: this requires (i) to decentralize decision making regarding service financing and delivery, and get service providers as close as possible to the end users; (ii) to strengthen linkages between research and end users, and to stimulate technology generation and dissemination, including Sustainable Land and Water Management practices; (iii) to support the development of a pluralistic network of public and private service provider partners, and (iv) to re-focus government services on the core mandate to deliver public goods.

Under the EU Grant, component 1 will finance the following activities: (i) investment projects designed and implemented by Producer Organizations (first batch of subprojects for 2011 with a specific target to women and youth association in vegetable garden); and (ii) staffing for the *Assemblée Permanente des Chambres d’Agriculture du Mali* (Permanent Assembly of Mali Agricultural Chambers or APCAM) and the Regional Chambers of Agriculture.

**Component 2 - Agricultural productive infrastructures**
This component will finance infrastructure development with a focus on agricultural water management and will build upon lessons learned from other irrigation projects for large and small scale irrigation. It will further enhance the participatory process under demand-driven and market-led approaches. Emphasis will be placed on the long term financial sustainability of investments, through proper management, operation and maintenance of infrastructures.

Under the EU Grant, component 2 will finance the following activities: (i) 1,700 ha of the Sabalibougou irrigation scheme (instead of 1,200 ha); and (ii) Specific studies to be carried out this year and ready to start for Office du Niger (civil work control and supervision, Resettlement Action Plan supervision, water management and land allocation study (investment planning), cadastral study and prefeasibility for M’Béwani).

Component 3 - Comprehensive programmatic approach and sector monitoring

The objective of this component is to support activities that will facilitate: (i) a stronger overall supervision, monitoring and coordination of the sector by the Government of Mali; (ii) the policy dialogue among sector stakeholders, especially between the Government and producer representatives; (iii) the setting-up of national financing mechanisms and the harmonization of both Government and donor supported programs; and (iv) the transition towards a sector-wide approach and the preparation of national agricultural investment program.

Under the EU Grant, component 3 will finance the following activities: (i) specific studies to be carried out this year and ready to start for Office du Niger CPS’s (Statistics and Planning Unit) experts and training; and (ii) equipment, vehicles, office furniture and computers for APCAM and CPS.

Targeted Beneficiaries

The project aims to boost productivity of targeted production systems and enhance competitiveness of food chains. Field interventions and capacity building activities will promote entrepreneurship and agribusiness development in the targeted rural areas. The primary target of the project will be smallholder producers already connected to markets and ready to move pro-actively in cropping and breeding technique modernization. As the project cannot serve all individual farmers, the entry point for interventions will be producer organizations (cooperatives and associations). However, the project will pay attention to POs’ inclusiveness, representativeness, social responsibility and accountability. Capacity building programs will strengthen POs so that they can expand their membership and reach as many farmers as possible. Selection criteria to access project resources will include stringent conditions to avoid elite capture, to foster sound governance and ensure social inclusiveness. Focus on vulnerable group using priority selection criteria related to gender and age will be considered to ensure that women and youth can access project resources and benefit from capacity building and advisory services.
As a result of donor coordination and to articulate activities with ongoing programs, project investments will be concentrated in the following production basins that have been selected on the basis of production potential of targeted production systems, as well as market opportunities (proximity to urban consumers) and potential for poverty reduction and income increase for smallholders:

<table>
<thead>
<tr>
<th>Crop and Livestock production systems</th>
<th>Production basins</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Irrigated rice / vegetable</td>
<td>Office du Niger + along Niger River between Tombouctou and Gao for small scale irrigation</td>
</tr>
<tr>
<td>(b) Rain-fed cereals</td>
<td>Douentza/Bankass/Koro + Bla/Macina/Tominian</td>
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<td></td>
<td>Kati/Dioïla + Kita + Sikasso/Koutiala/Bougouni</td>
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<tr>
<td>(c) Fodder production (fodder crops</td>
<td>Office du Niger (Sokolo/M’Bewani) + Dilly/Nara + Kayes/Diéma</td>
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<tr>
<td>for mixed dairy / meat farming and</td>
<td></td>
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<tr>
<td>pastoral perimeters)</td>
<td>Periurban areas around Bamako/Koulikoro, Ségou, Mopti and Sikasso, Kayes</td>
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## ANNEX II

### Indicative Budget of the Total Contribution

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<tbody>
<tr>
<td>All years</td>
<td>0.00</td>
<td>0.16</td>
<td>0.19</td>
<td>0.75</td>
<td>0.75</td>
<td>0.00</td>
<td>0.51</td>
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<td>0.00</td>
<td>0.36</td>
<td>0.00</td>
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<td>1.54</td>
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<tr>
<td>1. Human Resources &amp; Travel</td>
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<tr>
<td>1.1 Human Resources &amp; Travel - HQ</td>
<td>0.00</td>
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<td>0.02</td>
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<td>0.16</td>
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<tr>
<td>1.2 Human Resources &amp; Travel - Country level</td>
<td>0.16</td>
<td>0.19</td>
<td>0.73</td>
<td>0.73</td>
<td>0.51</td>
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<tr>
<td>2. Equipment &amp; Supplies Including</td>
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