I. Key development issues and rationale for Bank involvement

1. The Government is seeking additional financing under the RPSDP in recognition of progress made under the ongoing project to improve the living standards of the rural population. The proposal includes: (i) scaling up of feeder roads rehabilitation; (ii) scaling up of support to cocoa production and marketing and; (iii) strengthening farmer-based organizations especially for the marketing of rice. It is expected that the implementation of these activities will scale up the project’s impact and development effectiveness and provide additional resources to bridge the financing gap for the implementation of the Smallholder Commercialization Program (SCP) which emanated from the National Sustainable Agricultural Development Program (NSADP) launched in September 2009, as part of the Comprehensive Africa Agriculture Development Program (CAADP).

2. In recognition of the contribution of agriculture to the economy of the country, addressing bottlenecks to the development of agriculture and rehabilitation of the country’s infrastructure have emerged as clear objectives of the Government. Consequently, the country’s PRSP (2008 – 2012) dubbed “Agenda for Change has rehabilitation of feeder roads and promotion food security as two of the focal areas for attention by the Government. The CAS (2006-2009) identified the current operation whilst the JAS (2010 -2013) also recognizes the need for support to agriculture and infrastructure.

3. The proposed activities are expected to significantly improve progress towards the attainment of the development objectives of the ongoing project. In view of the fact that these activities add to and expand the current activities under the ongoing project, using the additional financing instrument is considered more appropriate than a repeater project. The additional
financing instrument will enable the Bank to response quickly to the GoSL’s request to scale up the key activities of the ongoing project, and also lead to lower administrative and transaction costs compared to a repeater project. Additionally, the implementing agency has competently executed its functions with a good track record and exhibited high commitment to the ongoing project. The proposed additional financing would allow the Bank to continue its support to the development of agriculture and rural infrastructure in the country.

II. Original Project Background

4. The Rural and Private Sector Development Project (RPSDP), which has been rated satisfactory over the last year, was approved by the Board in August 2007 and became effective on June 30, 2008. The original project development objective was to improve efficiencies along the value chain of agricultural commodities with higher benefits flowing to producers.

5. At the outset of project implementation, it became clear that the willingness and commitment of both MAFFS and the MTI to jointly manage project implementation was overestimated at appraisal. The Project Coordination Unit experienced difficulties in the reporting and approval procedures between the two ministries. Due to the initial implementation difficulties, the GOSL and the Bank decided that there was a need to restructure the project in August 2009. The restructuring focused primarily on strengthening the institutional arrangements by dropping the joint management function and allowing the MAFFS to take full responsibility of overall management of the project. The MAFFS was also given strategic and oversight responsibilities as the chair of the National Steering Committee (NSC) with Deputy Ministers for MTI and MIALGRD as deputy co-chairs. The restructuring further revised and reformulated the PDOs; and revised the original results framework. The post-restructuring performance of the project is detailed in the following sections.

III. Status of Project implementation

6. Since its restructuring, the project has made remarkable progress in all the four components: (i) Domestic Market Improvement; (ii) Agricultural Export Promotion; (iii) Farmer-Based Organizations and Technology Improvement; and (iv) Project Management, Monitoring and Evaluation and Policy Regulations. Brief status of implementation is presented below:

**Component 1, Domestic Market Improvement**, the project has supported the domestic supply chain consolidation for specific crops and products. The main sub-components include: (i) rehabilitation of critical feeder road links; (ii) provision of matching grants for rural market infrastructure improvements to address critical infrastructure needs for selected products; and (iii) knowledge management and technical assistance to improve access to market information. Under the feeder roads sub-component, a total of 468 km of feeder roads is being constructed in all the 13 districts. Reports from independent monitoring teams from MAFFS, the President’s Office and the Ministry of Finance have

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1 "To increase production of selected agricultural commodities by 20 percent and sales by 10 percent through improvements in efficiencies along the value chain for targeted beneficiaries".
all expressed satisfaction with the pace and quality of work. This intervention created jobs for 4000 youths, and injected money in the local economy as most of the contractors are from within the community. Indirect benefits include about: (i) 400 women food and water vendors serving the laborers; (ii) 400 community members providing sand and stones to the contractors; and (iii) petty traders selling various items to the workers. The sub-component on matching grants has supported 75 farmer-based organizations (FBOs) with a total membership of 4,737 (2,337 females and 2,460 males) with the provision of storage facilities and processing equipment. The project is presently in the process of supporting an additional 200 FBOs with similar facilities. Under the knowledge management sub-component, RPSDP has supported the establishment of Market Information System (MIS) focusing on the export market; the production of marketing and processing manuals for 5 crops; and creating market linkages between trader groups and FBOs.

**Component 2 - Agricultural Export Promotion**, include: (i) The upgrading and creation of market and export infrastructure; (ii) technical assistance for product development and adaptation, proactive marketing and compliance with quality and phytosanitary standards; (iii) introduction of high yielding crop varieties; (iv) support for improving product quality and standards; and (v) support for identifying non-traditional exports and markets opportunities. The achievements of this component have been remarkable. Firstly, through this component the RPSDP has supported the Sierra Leone Investment and Export Promotion Agency (SLIEPA) to carry out a regional market survey with the objective of gaining better knowledge of market conditions, especially within the West Africa sub-region, as well as the potential sources of supply of selected commodities in Sierra Leone. Secondly, a comprehensive sub-sector study of the Sierra Leone Cocoa Industry, with the objective of improving the supply and export of the commodity, has been carried out. The implementation of the findings of the study has led to the establishment of three cocoa cooperatives with a total membership of 12,688 (Male, 10,256; Female, 2,432). These cooperatives have set up an export company, which has already exported 127 Mt of cocoa. Thirdly, an Export Supply Chain study to identify Non-Traditional Export (NTE) and market opportunities has been carried out under this component. The findings of the study revealed the state of readiness of the sector to embark upon the development of NTE commodities. Major challenges include lack of availability of planting materials, packaging, transportation, cold chain as well as access to agricultural financing. The RPSDP has also supported the Sierra Leone Standards Bureau with the Development of Norms and Grade Standards and Implementation of the Grade System. These interventions aim at developing national standards for traditional and non traditional products in line with international standards. With regard to support to the introduction of high yielding materials, the project has introduced improved planting materials for rice, cassava and cocoa to all the RPSDP-supported FBOs; and, has supported the Njala University with the establishment of an advanced product development and adaptation laboratory. On the export market information front, RPSDP has supported SLIEPA to develop MIS plan, which currently provides a detailed strategy on how to set up a centralized export MIS. These systems are expected to improve the efficiency of transfers of standardized, harmonized and reliable information on all exports to stakeholders.
Component 3, Support to Farmer-Based Organizations and Technology Improvement is being implemented according to schedule. It has two sub-components: (i) matching grants to strengthen legally registered FBOs and their unions; and (ii) support to carry out studies to promote agricultural research and export promotion. Under sub-component 1, the project commissioned a study on the strengthening of the initial 75 FBOs under the matching grants scheme of the project. The RPSDP ensured that all these FBOs are legally registered with the local councils and the Ministry of Social Welfare. In addition, a cocoa-FBO Study has also been carried out leading to the setting up of three cocoa cooperatives, which have been legally registered and are now operating fully. Under sub-component 2, RPSDP is working with the Sierra Leone Agricultural and Export Promotion Agency to carry out adaptive research on rice and cassava on farmers’ fields of all the FBOs, the project is supporting.

Component 4: Project Management, Monitoring and Evaluation and Policy Regulations. Despite receiving unsatisfactory rating at effectiveness, project management has consistently been rated satisfactory or better since restructuring. The management of the project has been realigned with the provisions of the restructuring document. The Minster for MAFFS now chairs the reconstituted NSC with the deputy ministers for MTI and MIALGRD as deputy co-chairpersons. The Project Coordinating Unit (PCU) has been granted greater autonomy and is now able to implement annual work plans; although, some clearances are still required by the MAFFS, which sometimes cause delay in processing. The institutional structures required for the implementation of the project at the district level are all in place and functioning. These include the establishment of the Project Support Unit (PSU) and the District Implementation Committees (DICs). All the districts have their PSU offices located in either the Local Council (LC) or District Agriculture Office. Membership of the DIC follows the specifications in the Grants Manual with the chair of the DICs being the Chairpersons of the Development Sub-committee of the Councils. The level of collaboration between the LCs, DICs and PSUs, however, requires some more attention in some of the LCs.

IV. Proposed Changes

7. The project’s PDO and key performance indicators are still relevant to the on-going project and the proposed additional activities. Therefore, they will remain unchanged.

V. Proposed Additional Financing Activities

8. The proposed additional financing of US$20 million will be allocated to scale up the key activities of project components and improve upon the social accountability measures introduced in the on-going project (the rapid rural initiative introduced in the on-going project will be augmented by other measures such as the use of community score cards to strengthen accountability and transparency). The additional financing is expected to improve the development impacts of the ongoing project by focusing primarily on improving access to markets through rehabilitation and maintenance of feeder roads; support cocoa production and
marketing and strengthen the farmer-based organizations. A description of the proposed additional activities and their estimated costs are presented below.

9. **Scale up improving access to markets through rehabilitation and maintenance of feeder roads (US$14.5 million) under Component 1.** The project has financed the rehabilitation of 468km feeder roads. This figure represents approximately 11 percent of a total 4,152 kilometers of feeder roads out of which the condition of close to 70 percent are classified as fair or poor. Although other projects supported by the Bank and other donors notably, ADB, IFAD and EU are also engaged in the rehabilitation of some of the feeder roads, there still remains considerable financing gap. The additional financing under this component will support the rehabilitation of an additional 1,000km of feeder roads whose implementation will provide employment to the youth as women and community members who are indirectly engaged in trading activities in the medium term, with longer term benefits accruing to improved transportation and enhance the delivery of agricultural and other social services.

10. **Scale up support to Cocoa Production and Marketing (US$2.7 million) under component 2.** The project has supported the establishment of three district cocoa cooperatives (coops) with a total membership of 12,688 (Male, 10,256; Female, 2,432). The total area cultivated by the members is approximately 26,000 acres. The coops exported approximately 127 Mt of Grade one cocoa beans between August and December 2010 (first year of operation). The better prices (70 percent of world price) paid by the coops has prompted other buyers to increase their prices giving cocoa farmers a much better income. However, the yield per acre is considerably low (200-300kg/acre) well below the sub-regional average (800-1,200kg/acre). The poor yields are attributed to lack of proper agronomic practices, and most importantly, old and low yielding cultivars. Most cocoa farms are well over 30 years old, long past productive years. Better prices offered by the coops and other buyers has rekindled interest in the expansion and replanting of farms. The additional financing will be used to support members of the coops within the cocoa growing areas of Kailahun, Kenema and Kono districts to replant or expand their farms through the provision of improved seeds (could be imported from Ghana if local supplies cannot meet demand). Further support will be required to strengthen and enhance the marketing of the commodity and support community radios in dissemination of extension messages to farmers.

11. **Scale up strengthening the farmer-based organizations. (US$1.8 million) under Component** The Project supports farmer-based organizations with improved planting materials and through the matching grants with processing equipment, storage facilities and capacity strengthening. It has, however, become apparent that marketing of agricultural produce by small scale producers still pose a challenge. In collaboration with IFC, a study on rice marketing is being undertaken to assess the current processing, marketing and distribution mechanisms and propose technically and economically feasible mechanisms to improve them. It is expected that additional resources will be required to implement the recommendations of the study.

12. **Continued project management support associated with the scaling up and extension of closing date for 3 years up to November 14, 2015 (Component 4).** The extension of the closing date will increase the overall operating cost (travel, fuel, and other operational inputs) and consultants services.
13. **Changes and extension of closing dates:** The proposed changes consist primarily of increasing the Bank’s financial contribution to existing project activities and the extension of the closing date by three years from November 14, 2012 to November 14, 2015. This three-year extension will be the first extension and will provide ample time to implement activities proposed for the additional financing.

14. **Institutional set-up and implementation arrangements:** The Ministry of Agriculture, Forestry and Food Security will continue to host the Project. The Ministry of Works and Infrastructure (MoWI) will exercise direct responsibility over SLRA in the design and supervision of the civil works whilst the Ministry of Local Government and Rural Development will ensure effective management of the contract signed between the LCs and contractors. The pre-selection of the feeder roads will be done by SLRA and the district councils based on: (i) the updated district road master plan; and (ii) priorities identified by the communities and their commitment to participate in the rehabilitation and maintenance. The criteria for selection will be the same as that of the on-going project (i.e., agricultural potential, population and market accessibility). Sierra Leone Roads Authority (SLRA) will continue to provide technical support in the form of design and supervision of the feeder roads and will second and engineer to the PCU as well as engage a competent and experienced feeder roads engineer. On retainer basis from within the West African sub-region. The engineer should have considerable experience in feeder roads design and construction, use of labor-based methods, community based and demand driven management of feeder roads. The selected applicant will be responsible for quality assurance in the design and construction, assist LCs in the preparation of bids and monitor the construction of the roads. The LCs will take the final decision on the selection of feeder roads in line with guidelines provided under the original project.

15. This arrangement will also relieve the MAFFS to spend time supervising other activities of the project within their mandate such as the seed and planting material multiplication and the provision of advice by extension workers to farmers.

VI. **Safeguard policies that might apply**

Environmental Assessment (BP 4.01) and Involuntary Resettlement (BP 4.12).

16. The on-going project was found to be compliant with Bank safeguard requirements at the time of the mid-term review (June July 2010). As no new types of activities are envisioned, the original environmental category (B) remains the same. The project will continue to observe relevant national and Bank safeguard policies and procedures, as outlined in an Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) documents.

VII. **Tentative financing**

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VIII. **Contact point**
   Contact: C. Annor-Frempong
   Title: Senior Rural Development Specialist
   Tel: (232)
   Fax: (232)
   Email: cannorfrempong@worldbank.org

IX. **For more information contact:**
   The InfoShop
   The World Bank
   1818 H Street, NW
   Washington, D.C. 20433
   Telephone: (202) 458-4500
   Fax: (202) 522-1500
   Email: pic@worldbank.org
   Web: http://www.worldbank.org/infoshop