I. Project Context

Country Context

1. The Gambia is a low-income country with a population of about 1.7 million people, of which half live in rural areas. Living conditions are generally very poor: according to the 2011 UNDP Human Development Index, The Gambia ranks 168 out of 187 countries surveyed. Gross Domestic Product (GDP) per capita currently stands at USD 605 in 2010, and the Poverty Reduction Strategy Paper II (PRSP II) showed that 63.3 percent of the rural population and 57.2 percent of the urban population are living in poverty, and of these, 39 percent live in extreme poverty with less than USD 1.25 dollar per person and per day. Seventy two (72) percent of the poor and ninety one (91) percent of the extremely poor are dependent on agriculture for survival.

2. Despite negative effects of the global economic crisis, The Gambian economy held up well in recent years (IMF, 2010). Current economic performance of The Gambia is positive with steady growth and moderate inflation. However, the country remains highly vulnerable to external shocks given its relative undiversified economy with heavy dependence on rainfed agriculture, import for
food security, tourism and remittances. The services sector (attributed mostly to the re-export trade and tourism) accounts for over 50 percent of the GDP. Tourism is the key driver of the economy and the most significant foreign exchange earner. Agriculture is the second most important contributor to the GDP (30 percent) and employs 75 percent of the country’s work force. Though relatively undiversified, the agricultural sector is characterized by subsistence production of rain-fed food crops (coarse grains, rice), semi-intensive cash crop production (groundnuts and horticultural production) and traditional livestock breeding.

**Sectoral and institutional Context**

3. Agriculture plays a significant role in the socioeconomic development of The Gambia, as a food and feed provider, employer, and income earner. It generates approximately 40% foreign exchange earnings and provides two-thirds of total household income. Since farming produces only 50 percent of the country’s food supplies, The Gambia regularly faces severe food security issues at the national and household levels, and qualifies as a Low Income Food Deficit Country (LIFDC), according to the Food and Agriculture Organization of the United Nations (FAO). Incidence of malnutrition continues to be an important concern in The Gambia, reflecting in the proportion of children under five who are stunted (27.6%) and underweight (15.8%).

4. In spite of generally favorable agro-climatic conditions, the Gambian farm sector has yet to tap its potential. Several constraints affect its overall performance: (1) insufficiently developed water management systems, leaving the country almost entirely dependent on rainfall, in spite of availability of important inland water resources; (2) shortage and deficient quality of farm inputs, such as seeds, which have poor germination rates, are expensive and susceptible to diseases, and result in low yields; (3) high post-harvest losses, paired with low value addition, caused by weak storage, processing, and marketing capabilities; and (4) limited access of farmers to financing, know-how and new technologies.

5. The country’s PRSP recognizes that fast and sustained growth in the agricultural sector is critical to The Gambia’s economic and social development goal of food self-sufficiency and reducing poverty for a large segment of the population. The Program for Accelerated Growth and Employment (PAGE) for 2012-2017 therefore prioritizes agriculture to produce pro-poor growth and generate significant employment. To facilitate faster growth in the agricultural sector, the Government of The Gambia has prepared and adopted the Gambia National Agricultural Investment Plan (GNAIP). Ensuing from the Comprehensive Africa Agriculture Development Program (CAADP) process, GNAIP reinforces the need to achieve agricultural development and food security, and sets the road map throughout 2011-15, with the objective to attain at least 8% growth in the agricultural sector.

6. GNAIP aims to increase the agriculture sector’s contribution to the national economy by increasing productivity through commercialization and active private sector participation predicated on a sound national macroeconomic framework aimed at enhanced growth and poverty reduction. The project will support the modernization of the sector to make it efficient and help to strengthen the productive capacities of small- and medium-scale farmers, and facilitate access to markets and value addition for a selected range of commodities such as rice, horticulture (mainly vegetables).

**II. Proposed Development Objectives**

The Development Objective for the Commercial Agriculture and Value Chain Development Project
(GCAV) is to improve productivity and access to market of targeted agricultural commodities for smallholders in rural Gambia. To achieve this objective the project would support targeted investments to remove critical constraints, improve productivity and build organizational and institutional capacities, both private and public, along the value chains of the targeted commodities. In particular, the project would: (i) rehabilitate irrigation infrastructure to enhance the resilience of agricultural production systems to climate change-induced weather shocks in selected areas; (ii) rehabilitate/build commercial post-harvest infrastructure to facilitate processing and marketing of agricultural products (iii) support strengthening of the technical, institutional, managerial and marketing capacities of smallholders and their organizations, as well as other stakeholders involved in agricultural production and value chains, to more effectively operate in a market-driven environment; and (iv) provide institutional-strengthening support to improve the governance of GNAIP. The selected value chains are rice and horticulture (vegetables), for which accessible markets exist and productivity gains are achievable through adoption of proven technologies.

III. Project Description

Component Name
Component 1: Support to development of Irrigation and key productive infrastructure
Comments (optional)
This component would support critical public and private infrastructure needs to enhance the resilience and competitiveness of the agricultural sector.

Component Name
Component 2: Support to value chain management
Comments (optional)
The component will strengthen the capacity of value chain stakeholders and their associations to enhance marketing and agri-business development through engagement with the private sector

Component Name
Component 3: Project administration and institution building
Comments (optional)
The component will strengthen the overall implementation capacity of the project coordination unit (PCU), while providing support to the MoA for the overall coordination of the GNAIP

IV. Financing (in USD Million)

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<th>Amount</th>
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V. Implementation

6. Overall Orientation: The project will be implemented within existing public sector structures while adopting an appropriate private sector orientation to reflect the objective of the project to leverage private investment, and the role of the public sector to facilitate such investments. It would as much as possible seek to utilize existing institutional mandates and capacity, however limited;
but would strengthen institutional coordination across ministries, departments and agencies through strong mutually beneficial partnerships between the responsible Ministry (MOA). It would however ensure that project management incorporates private sector perspectives essential for long-term private sector involvement in the development of the agricultural sector of The Gambia.

Project Oversight: Strategic oversight of the project will be provided by a project steering committee (PSC). This Committee will be chaired by the Permanent Secretary of the Ministry of Agriculture or his/her representative and include Permanent Secretaries or representatives of the ministries of Finance and Economic Affairs, Trade and Industry, Lands and Regional Government, and Environment and Water Resources.

7. Private sector representation would also be important, including the leadership of the Private sector associations and others to be confirmed. Linkages with other relevant bodies would be important. The steering committee would be responsible for approving the annual workplans and budgets and policy guidance.

8. Project Management: The project will be coordinated by the existing Central Projects Coordination Unit (CPCU) under the responsibility of MOA. The CPCU would be strengthened with procurement, financial management, private sector and monitoring and evaluation specialists who would, as much a practicable, be government staff drawn from within existing structures, but could be engaged as consultants to build up their respective units over a specific period of time. The CPCU would coordinate implementation by respective public and private sector technical agencies under whose purview project supported activities would fall.

9. The role of the partnering Ministries, Departments and Agencies (MDAs) would be two-fold: first, they would be responsible as an implementing agency/‘service provider’ for managing specific elements of project activities, as defined in the workplans. These would be executed through a results-based Memorandum of Understanding or any instrument that would best secure their intervention during project implementation. Funding for the operational costs associated with this function would be provided under the project. Second, in light of capacity constraints, these partner MDAs would also be beneficiaries of capacity building efforts by the project. A preliminary task would be to undertake a detailed needs assessment to confirm these requirements.

VI. Safeguard Policies (including public consultation)

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Comments (optional)
VII. Contact point

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