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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVLOPMENT AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED SECOND GRANT

IN THE AMOUNT OF USD 18.4 MILLION

TO THE

AFRICAN FORUM FOR AGRICULTURAL ADVISORY SERVICES (AFAAS)

FOR A

SECOND MULTI-DONOR TRUST FUND Project

October 31, 2013

|  |
| --- |
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CURRENCY EQUIVALENTS

|  |  |  |
| --- | --- | --- |
| Currency Unit | = | United States Dollar |
|  |  |  |

FISCAL YEAR

|  |  |  |
| --- | --- | --- |
| January 1 | – | December 31 |

ABBREVIATIONS AND ACRONYMS

|  |
| --- |
|  |
| AAS | Agricultural Advisory Services |
| AEAS | Agricultural Extension and Advisory Services |
| AFAAS  | African Forum for Agricultural Advisory Services |
| AFR | Africa Region |
| ASARECA | Association for Strengthening Agricultural Research in East and Central Africa |
| AU | African Union  |
| AUC | African Union Commission  |
| CAADP | Comprehensive Africa Agriculture Development Programme |
| CCARDESA | Center for Coordination of Agricultural Research and Development for Southern Africa |
| CF | Country Forum/Fora |
| CIDA | Canadian International Development Agency  |
| CORAF/WECARD | Conseil Ouest et Centre Africain pour la Recherche et la Développement Agricole/West and Central African Council for Agricultural Research and Development |
| DPs | Development Partners  |
| EC | European Commission |
| FAAP | Framework for African Agricultural Productivity |
|   | Food and Agricultural Organization of the United Nations |
| FARA | Forum for Agricultural Research in Africa |
| GA  | General Assembly  |
| GAFSP  | Global Agriculture and Food Security Program |
| GFRAS  | Global Forum for Rural Advisory Services  |
| IBRD  | International Bank for Rural Development  |
| IFAD  | International Fund for Agricultural Development  |
| IFPRI | International Food Policy Research Institute |
| IFRs  | Interim Financial Reports  |
| M&E | Monitoring and Evaluation  |
| MDTF | Multi Donor Trust Fund |
| MoU | Memorandum of Understanding |
| MTR | Mid-term Review  |
| NEPAD | New Partnership for Africa’s Development |
| NFP | National Focal Person |
| NPCA | NEPAD Planning and Coordinating Agency  |
| PDO | Project Development Objective |
| RECs  | Regional Economic Communities  |
| RIAS | Regional Integration Assistance Strategy  |
| RFOs | Regional Farmer Organizations |
| SDC | Swiss Agency for Development and Cooperation |
| SROs | Sub Regional Organizations |
| TF | Trust Fund |
| TOR | Terms of Reference  |
| UK | United Kingdom  |
| USAID | United States Agency for International Development  |
| WB | World Bank  |

|  |  |  |
| --- | --- | --- |
| Regional Vice President: |  | Makhtar Diop |
| Country Director: |  | Colin Bruce |
| Sector Director: |  | Jamal Saghir |
| Sector Manager: |  | Severin Kodderitzsch |
| Task Team Leader: |  | David Nielson |

**African Forum for Agricultural Advisory Services Second MDTF**

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|  |
| **PAD DATA SHEET** |
| *African Forum for Agricultural Advisory Services* |
| Second Multi-Donor Trust Fund |
| **PROJECT APPRAISAL DOCUMENT** |
| . |
| *Africa* |
| *AFTA2* |
|
| . |
| **Basic Information**  |
| Date: | October 31, 2013 | Sectors: | Agriculture and Rural Development |
| Country Director: | Colin Bruce | Themes: | Advisory Services, Agricultural Productivity  |
| Sector Manager/Director: | Severin Kodderitzsch/Jamal Saghir | EA Category: | C – Not Required |
| Project ID: | P143367 |  |  |
| Lending Instrument: | Multi-Donor Trust Fund |  |
| Team Leader(s): | David J. Nielson |
| Joint IFC:  |
| . |
| Borrower: African Forum for Agricultural Advisory Services (AFAAS) |
| Responsible Agency: African Forum for Agricultural Advisory Services (AFAAS) |
|  Contact: | Silim Mohammed Nahdy |  Title: | Executive Director |
|  Telephone No.: | +256-31 2 313400 |  Email: | msnahdy@afaas-africa.org |
| . |
| Project Implementation Period: | Start Date: | October 31, 2013 | End Date: | December 31, 2017 |
| Expected Effectiveness Date: | October 31, 2013 |
| Expected Closing Date: | June 30, 2018 |
| . |
| **Project Financing Data(US$M)** |
| [ ] | Loan | [ X ] | Grant | [ ] | Other |
| [ ] | Credit | [ ] | Guarantee |
| **For Loans/Credits/Others** |
| Total Project Cost: | 18.4 |  | Total Bank Financing: |  |  |
| Total Cofinancing: |  |  | Financing Gap: | 10.6 |  |
| . |
| **Financing Source** | **Amount(US$M)** |
| BORROWER/RECIPIENT |  |
| IBRD |  |
| IDA: New |  |
| IDA: Recommitted |  |
| MDTF: | 6.8 |
| Others (IFAD) | 1.0 |
| Financing Gap | 10.6 |
| Total | 18.4 |
| . |
| **Expected Disbursements (in USD Million)** |
| Fiscal Year | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **Total** |  |  |
| Annual | 2,000,000 | 4,000,000 | 3,900,000 | 4,100,000 | 4,300,000 | 100,000 | 18,400,000 |  |  |
| Cumulative | 2,000,000 | 6,800,000 | 9,700,000 | 14,000,000 | 18,300,000 | 18,400,000 | 18,400,000 |  |  |
| . |
| **Project Development Objective(s)** |
| To reform and strengthen Agricultural Advisory Services (AAS) in accordance with FAAP principles towards increasing agricultural productivity and food security. |
| . |
| **Components** |
| **Component Name** | **Cost (USD Millions)** |
| Support to Country AAS for Engagement in CAADP Pillar Four | 10.5 |
| AFAAS Governance, Management and Secretariat Activities | 6.5 |
| MDTF Management and Supervision (Bank-Executed) | 1.4 |
| . |
| **Compliance**  |
| **Policy** |
| Does the project depart from the CAS in content or in other significant respects? | Yes | [ ] | No | [ X ] |
| . |
| Does the project require any waivers of Bank policies? | Yes | [ ] | No | [ X ] |
| Have these been approved by Bank management? | Yes | [ ] | No | [ ] |
| Is approval for any policy waiver sought from the Board? | Yes | [ ] | No | [ X ] |
| Does the project meet the Regional criteria for readiness for implementation? | Yes | [ X ] | No | [ ] |
| . |
| **Safeguard Policies Triggered by the Project** | **Yes** | **No** |
| Environmental Assessment OP/BP 4.01 |  | X |
| Natural Habitats OP/BP 4.04 |  | X |
| Forests OP/BP 4.36 |  | X |
| Pest Management OP 4.09 |  | X |
| Physical Cultural Resources OP/BP 4.11 |  | X |
| Indigenous Peoples OP/BP 4.10 |  | X |
| Involuntary Resettlement OP/BP 4.12 |  | X |
| Safety of Dams OP/BP 4.37 |  | X |
| Projects on International Waterways OP/BP 7.50 |  | X |
| Projects in Disputed Areas OP/BP 7.60 |  | X |
| . |
| **Legal Covenants** |
| **Name** | **Recurrent** | **Due Date** | **Frequency** |
|  |  |  |  |
| Hiring of External Auditor | No | 3 months after effectiveness | once |
| Hiring of an Internal Auditor | No | 4 months after effectiveness | once |
| Hire a Finance and Administration Manager | No | By June 30, 2014 | once |
| Baseline survey report | No | 6 months after effectiveness | once |
| Grant Award Guidelines approved by the Bank | No | prior to issuance of sub-grants | once |
| **Description of Covenant** |
| * External auditor appointed within three (3) months of effectiveness
* Internal auditor hired within four (4) months of effectiveness
* Finance and Administration Manager hired by June 30, 2014Baseline survey report submitted to the World Bank within six (6) months of effectiveness
* Grant Award Guidelines approved by the Bank prior to the issuance of the first sub-grant
 |
| . |
| **Team Composition** |
| **Bank Staff** |
| **Name** | **Title** | **Specialization** | **Unit** | **UPI** |
| David J. Nielson | Lead Agricultural Services Specialist | Agriculture/Economics | AFTA2 | 22937 |
| Bremala Malli | Senior Operations Officer | Operations | AFTA2 | 163465 |
| Timothy Robertson | Senior Agricultural Specialist | Extension | AFTA2 | 380463 |
| Matt McMahon | Lead Agricultural Specialist (Consultant) | Agronomy | AFTA2 | 20057 |
| Tekola Dejene | Lead Agricultural Specialist (Consultant) | Agriculture | AFTA2 | 65609 |
| Dwede Tarpeh | Operations Assistant | Agriculture | AFTA2 | 370274 |
| Hille Frey | Operations Analyst (Consultant) |  | AFTA2 | 363450 |
| Mohamed Khatouri | Lead M&E Specialist | Monitoring and Evaluation | AFTDE | 274463 |
| Howard Bariira Centenary | Senior Procurement Specialist | Procurement | AFTPC | 321500 |
| Edwin Moguche | Financial Management Specialist | Financial Management | AFTMW | 358864 |
| Luis Schwarz | Senior Finance Officer | Disbursement | CTRLA | 82804 |
| Mei Wang | Senior Counsel | Law |  | 229123 |
| Alexandra Sperling | Legal Analyst | Law |  | 77120 |
| . |
| **Locations** |
| **Country** | **First Administrative Division** | **Location** | **Planned** | **Actual** | **Comments** |
| Continental[[1]](#footnote-1) | N/A | N/A | N/A |  | N/A |
| . |

1. STRATEGIC CONTEXT
	1. Regional Context
2. CAADP is the African Union (AU)/New Partnership for Africa’s Development (NEPAD) Planning and Coordination Agency’s (NPCA) vision and strategy for the development of African agriculture. African leaders have signaled their commitment to achieving growth in agricultural productivity and agricultural GDP through their launch of Comprehensive Africa Agriculture Development Programme (CAADP), recognizing that growth in agriculture is crucial to achieving widely shared economic growth and poverty reduction in Africa and that growth in agricultural productivity is key to achieving agricultural growth on the continent.. The goal of CAADP is to help African countries reach and sustain a higher path of economic growth through agricultural-led development that reduces hunger and poverty and enables food and nutrition security and growth in exports.
3. Under CAADP, the AUC, NPCA and Africa’s Regional Economic Communities (RECs) work closely with countries to encourage and guide them through processes designed to: improve agricultural planning; make agricultural policy-making more evidence-based; scale up investments in the sector; and better coordinate all stakeholders (including development partners) around agreed plans. The CAADP process is framed conceptually around four Pillars: (i) sustainable land and water management; (ii) development of infrastructure and improved access to markets; (iii) increased food supply, reduced hunger, and improved response to food crises; and (iv) dissemination and adoption of improved agricultural technologies and investment in agricultural research. Lead Pillar agencies have been established to provide technical support to countries, regions, and at the continental level within each of their respective technical areas.
4. Pillar IV of CAADP addresses challenges of agricultural education, research and technology uptake. The approaches advocated for these programs are articulated in the Framework for African Agricultural Productivity (FAAP). Developed through extensive consultation with Africa’s communities of practice in this area, the FAAP provides principles and recommendations for program and institutional design at every level – guidance intended to help these programs and institutions become more effective at helping farmers and other agricultural enterprises to improve agricultural productivity, profitability and sustainability. Topics addressed in the FAAP include reforming agricultural institutions and services, farmer empowerment, integration of agricultural research with farmer advisory services, training and education; increasing the scale of Africa’s agricultural productivity investments, and aligned and harmonized financial support. The FAAP emphasizes that the effectiveness of technology generation and dissemination depends on their relevance and responsiveness to farmers’ needs, and therefore provides guiding principles for the reform of agricultural advisory services (AAS[[2]](#footnote-2)) institutions to make them more client-driven for enhanced farmer empowerment.
5. For AAS programs to work effectively in these ways, a paradigm shift is needed to replace the outmoded linear and top-down research-extension-farmer-framework that has failed in Africa. Institutional arrangements to achieve this may differ from country to country and each must be encouraged to learn from its own experiences. There is a need to start from the bottom up in developing rural knowledge systems and institutions using participatory methods. There is also a need for substituting traditional extension systems with farmer participatory knowledge systems that are more gender-sensitive. AAS must be established more widely and existing systems strengthened to facilitate the development of such farmer participatory knowledge systems and to promote the value addition agro-processing and marketing that can better exploit economies of scale and encompass vertical, horizontal and lateral integration from production to markets. AFAAS can play a pivotal role in distilling the experiences of national AAS systems to generate best practice options to guide this change process.
6. The objective (and responsibility) of AFAAS is to bring about institutional and behavioral changes in AAS providers to make them more efficient and effective. However, the ultimate measurement of success shall be at the level of the benefits that farmers and other value chain actors attain from access to AAS. AFAAS will therefore have to put in place mechanisms to ensure that all its activities are traceable to the demands of the farmers and value chain actors. This will include the establishment of explicit criteria for ensuring that the root of the needs it responds to are clearly articulated demands from farmers and value chain actors.
7. The Forum for Agricultural Research in Africa (FARA) has the mandate to lead Pillar IV activities on a continental basis. FARA adequately represents agricultural research stakeholders in the CAADP roundtables and post-compact CAADP processes. However, given that FARA’s core competencies are more research-oriented rather than AAS, stakeholders debated whether to attempt to establish this competency at FARA or delegate responsibility for this topic to a stand-alone institution dedicated to AAS. AAS stakeholder representatives (government, farmer organizations, NGOs, academia, development partners) worked with FARA to form the African Forum for Agricultural Advisory Services (AFAAS) as a platform for sharing information, lessons, tools and approaches for efficient and effective AAS delivery and to provide a mechanism for supporting and coordinating the development of AAS within the CAADP framework.
8. AFAAS has been delegated as the continental[[3]](#footnote-3) lead on the delivery and development of AAS, formalized through a Memorandum of Understanding (MoU) signed between FARA and AFAAS in 2008. FARA is fully committed to AFAAS and its mandate, and recognizes its importance as a strategic partner in applying FAAP principles and making agricultural research more effective. There is consensus between stakeholders that AFAAS will collaborate with FARA, the sub-regional research organizations[[4]](#footnote-4) and with TEAM-Africa[[5]](#footnote-5) on meeting the goals of CAADP and, in particular, those of Pillar IV.
9. In the short-to-medium term AFAAS shall be directly accountable for delivering on the following specific objectives:
10. Ensure that CAADP Pillar IV sufficiently involves advisory services providers in its strategy, work plan and implementation, contributing to making these services more effective and relevant;
11. Ensure the availability and accessibility of appropriate and up-to-date knowledge on advisory services from a range of sources in Africa and worldwide;
12. Strengthen the capacity of country level advisory service stakeholders in determining own priorities and in improving their advisory service systems;
13. Build partnerships at national, regional and international levels between agricultural advisory service and other institutions contributing to sustained growth and transformation of agriculture; and
14. Build its own capacity to serve effectively as a continental African organization that can sustainably support national agricultural advisory services to continuously enhance their contribution to national, regional, continental and global development objectives.
	1. Sectoral and Institutional Context
15. One of the great challenges facing African agriculture has been the failure to increase productivity on par with most developing regions over the past forty years. Despite an almost doubling of agricultural output over this forty year period almost entirely accounted for by increases in land and labor inputs, increased total factor productivity has been marginal and has played a minor role in the growth of the sector. On a per capita basis the value added output of agriculture has been declining or is at best static over that period[[6]](#footnote-6). This type of growth does not drive poverty reduction or the elimination of hunger. The reasons for this situation are many and complex - soil and water constraints, extremely low levels of human capital in the farm population, health of the rural population, lack of infrastructure, poorly functioning markets, etc.). It is widely accepted that agricultural research, extension and education will be essential elements in helping Africa’s farm sector to address these issues and raise their productivity.
16. The structure of African agriculture presents a unique set of challenges to increasing productivity. The bulk of African agriculture is small-scale, in highly diversified, rain-fed farming systems. Such systems, which are often very complex, have received scant attention resulting in little knowledge of how they function. Further, there is a limited flow of information from the farm to inform research, education and extension systems. To ameliorate this situation there needs to be an integrated approach around the research, extension and education triangle with the farmer at the center. Farmer organizations need to partner with research, education and extension organizations in a participatory system, which effectively links knowledge, innovation, science, research, education and advice. The role of AAS is to facilitate linkages in a participatory system. This integrated approach is well-articulated in CAADP’s FAAP.
17. Women farmers need particular attention in this area as they play a leading role in all aspects of crop production and commercialization. This emphasis on female participation has to be dealt with throughout the triangle to ensure that there is adequate participation in all areas. It is not enough to provide support to women farmers, but to ensure careers in agriculture for professional women. According to the Food and Agricultural Organization of the United Nations (FAO), women in Sub-Saharan Africa produce up to 80% of basic foodstuffs for household consumption and sale. In the livestock sector, women perform 50-60% of the work related to feeding and milking larger animals, as well as raising small stock. Rural women provide most of the labor for post-harvest activities, taking responsibility for storage, handling, stocking, processing and marketing. Beyond the farm, women play a key role in land and water management. Due to a rise in the number of female-headed households as substantial numbers of males migrate to cities, more women are becoming functional heads of both households and farming activities.
18. AAS facilitates the access of farmers, their organizations and other actors involved in the value chains to knowledge and information; facilitates their interaction with partners in research, education, agribusiness, and other relevant institutions; and assists them to develop their own technical, organizational and management skills and practices. The role of advisory services has widened to include issues in rural areas that go beyond agriculture (even in the broad sense of the term agriculture that includes livestock and fisheries). In designing its interventions, AAS must help farmers to become aware of, understand, and embrace technical messages and training while becoming more effective business managers of their farm enterprises, and in their linkages to market actors (financial, input providers, buyers and processors), as well as to education, public sector and government including policy dialogue.
19. At the governance level it should ensure that farmers are represented in all AFAAS governance structures and within the multi-stakeholder innovation platforms of Country Fora (CF). It should ensure that representatives of farmers and value chain actors take part in its planning, monitoring, evaluation and learning systems. AFAAS should seek synergies with national, regional and continental Farmers’ Organizations to: (i) share information; and (ii) develop joint activities in which they can collaborate/ partner to maximize the pro-farmer impact of AAS on value chains.
20. Implementation of the FAAP recommendations would reverse the decline in support for AAS. It would also result in a new approach to AAS that would represent a departure from the public-sector dominated and supply-driven technology-transfer emphasis of earlier programs to what would be more demand-driven programs aimed at building human capital of farmers – building their capacity to understand their own situations and options, to make good decisions as effective critical thinkers, to work together with other farmers in farm organizations, and to make their farming endeavors more profitable. The FAAP, developed by FARA, provides guidance on the types of program characteristics which would make this possible. It calls for reforms to AAS that would improve the accountability of advisory service providers to clients, put in place a demand/market-driven service provision system, decentralize service delivery and promote increased pluralism (including participation of the private sector) in the provision of services. These reforms represent a clear departure from earlier approaches and enjoy broad support from the professional community of practice in Africa and among development partners. A broad consensus notwithstanding, designing and putting in place such reforms is an ambitious agenda. Prior to the launch of AFAAS no institution in Africa had either the capacity or the mandate to take on this challenge. AFAAS does have this mandate – but needs a stable source of support to be able to succeed. The proposed MDTF would provide this support.
21. This proposed trust fund would be the second World Bank-administered trust fund for AFAAS. The first AFAAS MDTF became effective in September 2009 and was implemented by AFAAS with the support of FARA[[7]](#footnote-7). It was designed to formally establish the AFAAS Secretariat and its legal, governance and operational structures. Another primary activity included the development of AFAAS’ Strategic and Operational Plan (Strategic Plan) which was approved by AFAAS’ Board and endorsed by its General Assembly in April 2011. The first AFAAS TF met its objective and closed with a satisfactory rating on June 30, 2011. The design of the AFAAS Second MDTF is based on AFAAS’ Strategic Plan.
	1. Higher Level Objectives to which the Project Contributes
22. The AFAAS MDTF’s higher level objectives are rooted in the CAADP framework, which states that the continent should, by 2015: (i) attain food security (in terms of both availability and affordability and ensuring access of the poor to adequate food and nutrition); (ii) improve the productivity of agriculture to attain an average annual growth rate of 6%, with particular attention to small-scale farmers and especially focusing on women; (iii) have dynamic agricultural markets between nations and regions; (iv) have integrated farmers into the market economy, including better access to markets, with Africa to become a net exporter of agricultural products;( v) achieve the more equitable distribution of wealth; (vi) be a strategic player in agricultural science and technology development; and vii) practice environmentally sound production methods and have a culture of sustainable management of the natural resource base (including biological resources for food and agriculture) to avoid their degradation. AFAAS will contribute to these higher order objectives through improving the effectiveness of AAS across the continent – and in so doing helping farmers to be more effective in their various roles of, *inter alia*, production, marketing, and natural resource husbandry.
23. AFAAS will contribute to CAADP’s success beyond Pillar IV. Advisory service engagements related to natural resource management and climate change, for example, relate to Pillar I (extending the area under sustainable land management) while its work in promoting market-oriented advisory services will contribute to Pillar II (improving rural infrastructure and trade-related capacities for market access). The rapid expansion of food security initiatives in accordance with Pillar III (increasing food supply and reducing hunger) will create obvious demands for more effective advisory services. AFAAS’ contributions with respect to all four Pillars will be to promote lesson-learning and to add value to initiatives in agricultural advisory services through sharing of information and increased professional interactions.
24. AFAAS’ strategic plan is consistent with the strategies of the Bank. Strengthening AAS is a core element of CAADP and World Bank strategies for raising agricultural productivity, increasing growth and reducing poverty in Africa and has been supported by the Bank for the last several decades along with agricultural research and education. The Bank found that public service delivery-dominated AAS was plagued with problems, including limited funding, insufficient technologies to promote, poorly trained staff, weak linkages with research and limited farmer participation (World Bank 2007).
25. The AFAAS strategic plan is aligned with the Bank’s regional strategy paper*, Africa’s Future and the World Bank’s Support to It* (March 2011) which addresses the future of the region’s agricultural development through a two pillar strategy. The “competitiveness and employment”[[8]](#footnote-8) pillar has agriculture, home to the largest private sector, as one of its cornerstones for growth and poverty reduction. The strategy highlights the weak investment climate impacting agriculture, (poor infrastructure, poor business environment and insufficient technical skills).
26. AFAAS’s interventions address these bottlenecks by targeting smallholder farmers’ competitiveness at the continental level. The strategy further identifies key instruments for the implementation of the two pillars, namely, partnerships, knowledge and finance. AFAAS support of the establishment to AAS networks within participating countries and Africa as a whole is aligned to this aspect of the strategy, as is its development of partnerships for the dissemination of appropriate knowledge and information through pluralistic agricultural advisory service delivery mechanisms. The networks and partnerships will play a key role in bringing together the public sector, private sector, civil society, value chain actors, development partners and farmers to foster AAS innovations.
27. AFAAS’ objectives are also consistent with the Africa Region’s Agriculture Strategy. The Africa-Agriculture Strategy Report, “*Africa’s Renewed Emphasis on Agriculture and the World Bank’s Support for it* (November 2011), states that support to agricultural development will be framed around the CAADP program and its four pillars. The Africa Region’s support focuses particularly on building national and regional capacities in the Pillar IV areas of agricultural technology generation, uptake and agricultural education, as well as capacity for information and communication technology.
28. AFAAS also contributes to the successful implementation of the Africa Region’s *Regional Integration Assistance Strategy (RIAS).* Specifically, it is aligned to the Region’s integration assistance pillars of support, particularly, that of “providing regional public goods”. RIAS envisages the Bank’s assistance to regional public goods to focus on, *inter alia*, raising agricultural productivity (including research and knowledge-sharing on implications of climate change and mitigation strategies). AFAAS, at a continental level, will create a mechanism for sharing experiences on AAS approaches, and exchanging information on the challenges facing the provision of AAS. The design of AFAAS has embedded the RIAS’ guiding principles of engagement, including starting small and building on success, seeking champions, and open regionalism. The implementation modality will take into account political and economic **groupings and sub**-groupings in the region and will fit into structures that best help promote exchanges and learning processes. For this, the existing structures of SROs and/or RECS will be used to create synergies and complementarities. MDTF financing for core CAADP agencies is also in line with the RIAS’ cross-cutting theme on Strengthening Regional Strategic Planning and connections with National Development Plans.
29. The World Bank continues to be an influential leader in developing innovative approaches to AAS and in mobilizing support for AAS in Africa. This is evident in the key role that the Bank played in the recent establishment of GFRAS at the global level, and in the establishment of AFAAS in Africa. It is also evident in the Bank’s current portfolio of support to AAS in Africa – a portfolio of over US$500 million in commitments. Africa’s lead institutions (AUC, NPCA, FARA) and Development Partners (DPs) have asked the Bank to develop a multi-donor trust fund to support AFAAS and it is in this context that this proposal is prepared.
30. In addition to being aligned with World Bank’s strategies, it is also aligned with the European Commission’s (EC’s) *Advancing African Agriculture*, USAID’s *Initiative to End Hunger in Africa*, and the UK Government’s *Commission for Africa* report. AFAAS also helps to realize the G8 goals, as well as those of the Global Agriculture and Food Security Project (GAFSP) which provides medium and long-term support to countries that have gone through a CAADP-like process.
31. PROJECT DEVELOPMENT OBJECTIVES
	1. PDO
32. The objective of this project is **to reform and strengthen Agricultural Advisory Services (AAS) in accordance with FAAP principles towards increasing agricultural productivity and food security**.

Project Beneficiaries

1. The stakeholders who are expected to benefit from the project are:

**Direct Beneficiaries**

* **AAS** facilitate development of farmer participatory knowledge systems and promote value addition agro-processing and marketing that can better exploit economies of scale and encompass vertical, horizontal and lateral integration from production to markets.
* **AFAAS** serves as a platform for sharing information, lessons, tools and approaches for efficient and effective AAS delivery and to provide a mechanism for supporting and coordinating the development of AAS within the CAADP framework.

**Indirect Beneficiaries**

* **Farmers and livestock producers (primary beneficiaries)** play a crucial role in determining the kinds of advisory services to be provided and the technology options to be developed by research. Special emphasis will be placed on female participation, since women play an important role in agricultural production and marketing.
* **Farmer Organizations** acting at different levels shall provide and facilitate access to services, increase bargaining power of their members, provide avenues for mobilizing and pooling resources, enable creation of linkages and partnerships with other actors, undertake capacity strengthening, and lead in lobbying and advocacy for their members.
* **Private sector entrepreneurs** shall be expected to increase their engagement in the provision of AAS especially in the areas of promotion of production, financial services, post-harvest activities, marketing, quality assurance, information access and knowledge management.
* **Agricultural Advisory Services** professionals who are directly involved in delivering information, new technologies, management practices, and other innovations to agricultural value chain actors.
* **Research institutes** at all levels shall provide relevant available technologies and information. They will therefore have to orient their research to: (a) respond to demands expressed by farmers and (b) address anticipated future demand, opportunities and challenges. They shall undertake action research on the provision of AAS.
* **Consumers of food** eventually (as farm productivity increases) will benefit from the availability of more and better food at better prices.

PDO Level Results Indicators

1. PDO project performance indicators are: Percentage of value chain actors utilizing improved knowledge and technologies; and percentage of various categories of value chain actors satisfied with the quality of AAS. Intermediate indicators include among others: Number of CF established and operating in accordance with FAAP guidelines; and Number of partnerships effectively delivering gender-related reforms in AAS.
2. PROJECT DESCRIPTION
	1. Project Components

**Component 1: Support to Country AAS for Engagement in CAADP Pillar IV ($10.5 million)**

1. This component will support all AAS stakeholders, both public and private, guided by the FAAP principles, in their engagement in the implementation of CAADP Pillar IV in their various countries. This includes developing mechanisms and implementation guidelines to ensure that the process of developing and supporting CAADP Country Compacts reflects the role and importance of AAS. This would in part be through supporting the emergence, in each member country, of a CF for AAS as well as supporting capacity building, human resource development and innovation activities in delivering AAS.
2. ***Sub-component 1.1: Establishment and Strengthening of Country Fora***. This sub-component will support the emergence and strengthening of CF of AAS stakeholders at the country level[[9]](#footnote-9). These CF will be institutional structures under which stakeholders in each country can work together to influence the reform and implementation of AAS in their respective countries and through which they will be able to meet to share information and discuss relevant issues. They will provide stakeholders with a space within which they can identify priority areas of concern to be addressed through collaborative information sharing, joint activities and partnerships. The general objectives of the CF are (i) to strengthen the capacity of AAS stakeholders at country level to lead advisory service development, (ii) to mobilize, reflect and learn how to improve advisory service provision within an agricultural innovation system framework, (iii) to act as the arm of the country CAADP implementing organs linking with AAS stakeholders and, (iv) to be able to utilize (within and between countries) the human capacity that is being developed for undertaking reforms in AAS.
3. AFAAS will work with country-level governance and management structures, and will facilitate the emergence of such governance bodies where they do not exist by setting up Interim National Steering Committees. AFAAS will work through these committees to facilitate the institutional and organizational development of the CF. The CF will provide a space for both public and private institutions that already exist to convene around issues relevant to AAS. The CF will be configured in such a way that they focus on AFAAS objectives in a way that is interlocked with the structures that are designing/implementing the national CAADP compacts.
4. Activities that will be implemented under this sub-component will include:
* *Activity 1: Consolidate existing CF and support the emergence of new ones.*
* *Activity 2: Strengthen country-level capacity to contribute to CAADP roundtables and post-Compact implementation.*
* *Activity 3: Provide human resource development support*.
* *Activity 4: Support AAS innovation activities.*
1. ***Sub-component 1.2. Support to Regional and Continental Collaboration in AAS.*** This subcomponent will support the establishment of the infrastructure and mechanisms for enabling AAS actors to network for purposes of, among other things, sharing experiences, finding solutions to everyday problems that they face, accessing global knowledge hubs and facilitating collective innovation in AAS delivery. The project will provide support for cross-country exchange of expertise to support reforms in AAS; identify other regional and sub-regional fora that can be used to mobilize this exchange; identify the needs for support in reforms of AAS at national level and match them with existing continental human resources. The project will support AFAAS partnerships with national, regional, continental and international agricultural innovation systems. It will do this through networking and forming linkages and partnerships with other organizations and initiatives that have similar mandates and interest in building AAS. It will pursue partnerships in the context of CAADP with SROs, umbrella regional and continental organizations bringing together the various categories of actors[[10]](#footnote-10) in agricultural innovation. The activities that will be undertaken under this sub-component include:
* *Activity 1: Develop and implement an information and communications strategy.*
* *Activity 2: Support five CF or other relevant country- level institutions to become continental or regional centers of advisory service expertise and leadership on specific strategic topics*.
* *Activity 3: Proactive engagement in the design of CAADP Pillar IV implementation structures at continental level*.
* *Activity 4: Review, validate and implement Partnership Strategy.*

**Component 2: AFAAS Governance, Project Management and Secretariat Activities ($6.5 million)**

1. Activities that will be implemented under this recipient-executed sub-component will include:
* *Activity 1: AFAAS governance and management systems*.
* *Activity 2: Develop and implement monitoring and evaluation system.*
* *Activity 3: Undertake syntheses and strategic studies.*
* *Activity 4: Develop and maintain database on agricultural advisory services in Africa.*

Component 3. Management and Supervision of the MDTF ($1.44 million)

1. This component will be executed by the World Bank. The aim of this component is to manage, administer and supervise the MDTF. It has been agreed with the donors contributing to the MDTF that the full cost of managing and supervising the trust fund will be financed through the proceeds of the MDTF.
2. The Trust Fund will support the project components up to the funding levels presented in Table 1. The annual work planning process will articulate how resources will be allocated within the components and sub-components. Any adjustments in the Strategic Plan will be discussed at the time of the mid-term review.
3. See Annex 2 for a more detailed description of the project.
	1. Project Financing

Lending Instrument

1. The AFAAS Second Multi Donor Trust (MDTF) is structured as a hybrid trust fund with both World Bank and recipient-executed components. Funds from the MDTF will be channeled directly to AFAAS in the form of a grant to finance Components 1 and 2 of the project. AFAAS will utilize these funds for activities that will be agreed with the Bank (as summarized below) and carried out and reported on in accordance with the World Bank guidelines and procedures.
2. A small portion of the overall funding will be channeled from the MDTF to the World Bank task team to manage, administer and supervise the project (Component 3).

 Project Cost and Financing

1. The total budget presented in AFAAS’ strategic plan (2012-2016) is US$17 million, and the total project cost including World Bank management of the MDTF is $18.4 million. Financing for this budget would come at least in part from the MDTF and may also come from other sources (such as bilateral support from development partners and contributions from FARA, SROs, regional economic communities and member countries). The European Commission has committed $6.8 million to be disbursed through the MDTF and the International Fund for Agricultural Development (IFAD) has committed US$1 million in direct bilateral assistance, bringing the total committed amount to $10.6 million, or 45.3% of the total funding requirement. At this stage the funding gap is about US$9.3 million. Additional funding is anticipated from USAID, AusAID, Canadian International Development Agency (CIDA), Swiss Agency for Development and Cooperation (SDC), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Agence Française de Développement (AFD) and others who have shown an interest in participating in the AFAAS MDTF. Organizations such as FARA, ASARECA and CORAF have also made provisions for AFAAS, of which the specific amount will be determined during annual work program and budget preparations.

Table 1: AFAAS Budget Estimate by Component (2012-2017)

|  |  |  |
| --- | --- | --- |
| **Component** | **Cost $’000** | **Percent of total****Cost (%)** |
| Component 1: Support to Country AAS for Engagement in CAADP IV Four | 10,500 | 57.0 |
| Component 2: AFAAS Governance, Management and Secretariat Activities | 6,500 | 36.0 |
| Component 3: World Bank Management, Administration and Supervision | 1,440 | 7.0 |
| **Grand Total** | **18,440** | **100.0** |

1. There are prospects that other donors will contribute to the 5-year strategic plan under the MDTF, or, directly support AFAAS using agreed funding mechanisms. The 5-year strategic plan will start from early 2013.
	1. Lessons Learned and Reflected in the Project Design
2. The establishment of AFAAS is in response to lessons learned over the past several decades across Africa and across the globe. Large and sustained investments were made in the establishment and operations of agricultural extension programs in most African countries – many with strong support from the World Bank. Although these programs made contributions to the productivity of farms, they did not have the level of transformational impact that was desired. Farm productivity remains desperately low across the continent. In part, this is because the agricultural extension programs themselves had institutional characteristics that turned out to be incompatible with the effective implementation of their own missions, such as over-centralization, non-participatory and unsustainable structure, and not responsive to farmer needs. Some of the key lessons from this experience are listed in the paragraphs immediately below. As AFAAS was created to facilitate and lead African attempts to respond to these issues, lessons learned from AFAAS’s initial experiences are also provided below.
3. **Stakeholders at national and local levels struggle to develop the types of institutional reforms needed to improve the effectiveness of agricultural advisory services.** Communities of practice in AAS have been very isolated from each other – rarely having the opportunity to interact with colleagues within their own country and even more rarely with colleagues outside of their own countries. This has severely limited their ability to share experiences and learn lessons from each other. It has also meant that they do not gain the kind of perspective that would give them the ability to reflect effectively on lessons learned from their experiences. Neither do they benefit from exposure to lessons learned by the relatively remote members of the community who have had the opportunity to study the experiences across countries (and continents). This being the case, technical assistance from beyond the borders of each country has been particularly important globally in the case of AAS in helping countries to think through program design and reform options. Further, it is important to break the isolation of AAS providers and to provide opportunities for them to interact with and learn from each other. AFAAS, *inter alia*, is expected to play this role.
4. **AAS programs conceived of and designed primarily as “transfer –of-technology” links between agricultural research programs and farmers have proven to be disappointing.**  It is now clear that AAS programs are more effective when conceived of as investments in human capital at the farm level. AAS objectives, under this conception, are to improve farmers’ awareness of technological and market opportunities and risks, and to develop their ability to act on this awareness. Under this approach, AAS also focuses on helping farmers to be more effective critical thinkers about their own farming enterprises. AAS also helps farmers to develop the capacity to: (a) interact more effectively with input suppliers (including sources of credit); (b) interact more effectively with purchasers of their farm products; (c) manage the biological and economic aspects of their farm enterprises; and (d) work together in areas where collective action helps them to get better prices, influence agricultural research and extension programs, or accomplish other desirable outcomes where collective action helps them to achieve more than they could have achieved through individual actions. AAS also helps to transfer technology – and when the capacity of farmers is strengthened in the ways suggested above, transfer of technology happens more effectively. AFAAS has adopted this paradigm and proposes to be a strong advocate for it.
5. **AAS programs that are organized as centralized ministerial-based bureaucracies primarily staffed by civil servants have not been as effective or as responsive to farmers as is needed.** The global community of practices on AAS has come to broad consensus that effective AAS should be built around several key institutional design principles: (a) farmer voice in choice of AAS providers; (b) pluralism in the provision of AAS at the local level; and (c) shared costs of AAS between national and local government as well as from farmers themselves. These principles are also advocated by CAADP’s (AUC endorsed) Framework for African Agricultural Productivity (FAAP). For these reasons, AFAAS will advocate these principles as the basis for program (re)design across the continent.
6. Other lessons learned from experience with innovation platforms in Africa conclude that for platforms to be successful they must: (a) build on actors with convening power such as existing institutions; aim for a transparent and participatory process for setting up the platform; (b) jointly define and agree on the roles of the different platform members; and (c) incorporate farmers to take a leading role in the platform (Putting Heads Together – Agricultural Innovation Platforms in Practice, Bulletin 396 KIT Publishers).
7. During the first period of AFAAS’s existence (with support from the first AFAAS MDTF), demand for AFAAS services was strongly evident. Through FARA, CORAF/WECARD and ASARECA, AFAAS interacted with country teams in the formulation and peer review of agricultural and rural development plans (CAADP investment plans) in over a dozen countries. Country Fora dedicated to improving the effectiveness of their respective AAS programs formed in nearly a dozen countries and attended AFAAS conferences (without external support). AFAAS became the African continent representative of the Global Forum for Rural Advisory Services (GFRAS) and assumed chairmanship of the GFRAS Board. Since then, the demand for AFAAS’ services has grown, however, longer-term stability and a larger budget envelope are needed to ensure the continued support provided by AFAAS. The proposed MDTF would help to provide this stability for AFAAS to carry out its proposed work program. Further, the MDTF would help to strengthen AFAAS’s technical and administrative capacity to do so.
8. IMPLEMENTATION
	1. Institutional and Implementation Arrangements
9. Implementation of the project will be the responsibility of the AFAAS Secretariat. AFAAS’ governance system is comprised of the AFAAS General Assembly (GA), the Board and the Secretariat. The GA is the supreme AFAAS governing body. It has two official representatives from each CF (one male and one female), two representatives drawn from continental bodies of the Farmer Organizations, and a representative from FARA. Other stakeholders are invited to participate in the GA but have no voting rights. The GA meets once biennially. Its responsibilities include electing the Board, reviewing and approving overall AFAAS policies as recommended by the Board, determining the strategic orientation and priorities of AFAAS, evaluating performance of AFAAS and, reviewing and amending AFAAS’ Constitution, as needed (*See Figure 1*).

Figure 1: AFAAS Institutional Structure

General Assembly

Board

Secretariat

1. The Board has overall governance oversight responsibility. This includes: recommending policies for approval by the GA; setting AFAAS Secretariat priorities and defining the projects to address these priorities; recruiting the Executive Director and Project Managers; overseeing the activities of the Secretariat; approval of the annual plan of activities and corresponding budgets and, approval of the financial reports.
2. The Board is comprised of 15 members constituted as follows: Nine (9) representatives drawn from CF, with the Chairperson selected from among the CF representatives. Her/his position as a country representative is filled by another person from the same region. The Board also has a representative from a continental or sub-regional Farmer Organization, a representative from FARA, and three members selected on merit basis. Women will constitute at least 30% of the Board membership. The Board has powers to co-opt non-voting members. It has standing committees for Finance and Administration, a Program Committee, and an Audit Committee. It has powers to put in place Technical Working groups, Ad Hoc Committees and Task Forces to assist in its work.
3. The Secretariat is responsible for the day-to-day management of AFAAS. The secretariat will: facilitate the functioning of the Board; develop the annual work plan and budget; manage and implement approved annual work plans and budgets; support National Platforms and other groups of stakeholders at country level; promote compliance with CAADP principles; link to the global community; promote networking among CF and other stakeholders; facilitate monitoring and evaluation and, mobilize resources and engage in lobbying and advocacy. These responsibilities will entail AFAAS working with CAADP institutions and a well-functioning consortia of Development Partners. The Secretariat will also establish functional modalities for management of the AFAAS Secretariat (including development of different strategies, operational policies, capacity building plan for the Secretariat and other AFAAS organs (see *Figure 2*).

Figure 2: AFAAS Secretariat

Finance and Accounts Assistant

Executive Director

Internal Auditor

Thematic Working Groups

Planning & M&E Manager

Programme

Manager

Procurement Officer

Finance Admin. Manager

M&E Officer

Finance Admin. Officer

Programme Officer (2)

Admin. & HR Officer

Admin. Asst/ Receptionist

I.T. Asst

Office Attendant/ Cleaner

Drivers (2)

Regional Desk Officers (3)

Technical Assistant/ Partner-ships

**Status of recruitment**

 **Recruited**

 **Year 1**

 **Year 2**

 **Year 3**

 **Year 4**

Comms, Info & KM Officer

1. The technical staff at the Secretariat will be kept lean and will be mainly tasked with management of and providing leadership for the technical activities. In providing technical leadership, it will be supported by Thematic Working Groups[[11]](#footnote-11) made up of experts in the technical fields of operation. In this regard, the AFAAS Secretariat will establish and continuously update databases of technical experts. In order to build expertise in the technical areas within AFAAS member countries, the composition of the Thematic Working Groups will blend experts from AFAAS member countries with experts from other parts of the world. The actual implementation of the project-wide activities will be undertaken through consultancies, commissioning partners, and out-sourcing.
2. *Annual work planning and budgeting.* Implementation of AFAAS activities will be guided by an annual work planning and budgeting process approved by the Board. The plan and budget will be coordinated with CAADP support institutions such as AUC, NPCA, RECs and Lead Pillar institutions. It will also reflect the planned activities of CFs, as well as joint activities planned with key partners such as research establishments and human capacity development institutions. This exercise will identify the sources of funding for the proposed activities and will ensure that the activities are fully funded. A World Bank team will carry out at least two supervision missions annually to review the annual work plan and budget and assess implementation progress. Disbursements under the project will be made on the basis of agreed annual work plans and budgets between the World Bank and AFAAS.
3. *Operational procedures.* The project will be implemented within the broader AFAAS Constitution and Governance Manual, and more specifically by its Operational Manual (which includes Financial Management, Procurement, Audit and Human Resources management manuals). Most of these manuals were reviewed by the World Bank and approved by the AFAAS Board, however, further review will be done before the project becomes effective. Project implementation will also follow World Bank guidelines and the MDTF Grant Agreement to be signed between AFAAS and the World Bank.
	1. Results Monitoring and Evaluation
4. *Monitoring Outcomes/Results*. The operational responsibility for planning and coordinating M&E activities would rest with the AFAAS Secretariat, Planning, Monitoring and Evaluation Department. The Planning, Monitoring and Evaluation Manager and the Monitoring and Evaluation Officer will oversee this activity, and would utilize computerized project management techniques to monitor progress and link with monitoring activities that will be carried out at regional, sub-regional and country levels. AFAAS will regularly monitor and report on the project’s physical and financial inputs and outputs. AFAAS will be assisted by an independent short-term M&E consultant to evaluate implementation progress and the performance of governing structures. The consultant will carry out outcome-focused impact evaluations of the project at three pre-defined milestones - baseline, mid-term and project completion. M&E mechanisms will emphasize stakeholder participation and will be designed to facilitate rapid identification of shortcomings and facilitate corrections, where necessary.
5. AFAAS will complete a baseline survey and draft report within six months of project effectiveness. AFAAS will also conduct a stakeholder workshop to review and refine the MDTF indicators and also develop the arrangements for M&E (including annual targets, data collection sources, responsibility and frequency) within the same timeframe. Country level implementation would be monitored with the help of CF and AFAAS would develop modalities for carrying out joint M&E activities. Information generated by AFAAS, CF, other partners and M&E consultants would be consolidated by the Secretariat and used to update the key performance indicators for the project (Annex 1).
6. The Secretariat will submit to the Bank six-monthly progress reports. These would include, *inter alia*: (a) up-to-date physical and financial expenditure data compared to annual and end-project targets; (b) updated indicators of project performance compared to annual and end-project targets; and (c) successes and problems encountered during the reporting period with suggested remedial actions.
7. In addition to the biannual implementation review that will be carried out by the World Bank Team, the project would be subjected to two major reviews to be carried out jointly by AFAAS and the Bank. The first would be the mid-term review (MTR) of the project (about 30 months after project effectiveness) and the second around the time of project completion. The first review, to be carried out by an independent external consultant, would include an impact assessment of the project to date, but also focus on implementation processes and recommend adjustments. An analysis of the exit strategy and sustainability of the system will also be the focus of the assessment. The second major review would be a comprehensive overall impact assessment including quantitative and qualitative assessment of the progress against project development objectives.
8. *Monitoring of outputs/activities and learning.* The M&E of outputs and activities will be undertaken in a participatory manner with a view not only for the M&E results to inform management decision making but contribute to learning by stakeholders. At the outset of the project, AFAAS will contract a consultant to develop participatory M&E guidelines, tools and processes that will build on the Results Framework to spell out the outputs and activities that will be monitored and evaluated at the CF, regional and Secretariat levels. The consultant will also identify the capacity development needs and resource implications for implementing the M&E activities at all levels. One of the challenges for M&E will be ensuring timely collection and processing of data from the diverse locations and institutional environments in which implementation will be taking place. To minimize this problem, the M&E tools will to the maximum extent possible embed the use of modern information and communication technologies - including the use of mobile phones - for data collection, transmission and processing in such a way that M&E reports tailored for diverse stakeholders are available online in a timely manner. Many national AAS face the same challenge. Hence the positive lessons from AFAAS’ M&E approaches will be scaled up and out to national AAS M&E. AFAAS has already developed a Framework for Lesson Learning that has elements that will be used for lesson learning alongside the M&E processes.
	1. Sustainability
9. Building sustained commitments to a shared agricultural growth and poverty reduction agenda is one of the central objectives of the CAADP framework. Many of the principles of the CAADP process – evidence-based planning, collective ownership, political endorsement, measurable targets, inclusiveness and partnerships – are designed to build long-term support among public sector, private sector, civil society and DPs for a common vision of national and regional agricultural development priorities and projects. Sustainability of AFAAS’ activities is linked to this core agenda of CAADP and funding will be sought from several sources both within Africa and from external sources. Over time and as AFAAS’ capacity is further developed, it is expected that AFAAS would be increasingly funded from African sources.

1. KEY RISKS AND MITIGATION MEASURES
	1. Risk Ratings Summary Table

Table : Risk Ratings Summary Table

|  |  |
| --- | --- |
|  **Stakeholder Risk** | **Rating** |
| **Implementing Agency Risk** |  |
| * Capacity
 | **M** |
| * Governance
 | **M** |
| **Project Risk** |  |
| * Design
 | **M** |
| * Social and Environmental
 | **L** |
| * Program and Donor
 | **S** |
| * Delivery Monitoring and Sustainability
 | **M** |
| **Overall Implementation Risk** | M |

* 1. Overall Risk Rating Explanation
1. The overall risk rating is considered Moderate. The primary risks faced by AFAAS (and the MDTF) are threefold: (1) design and approach - no continental or even sub-regional approach to support for AAS has ever been established before; (2) financing - only partial funding for AFAAS’s five-year operational plan has been secured; and (3) capacity – AFAAS is a new institution still establishing full capacity to carry out all of its anticipated functions and plans. Each of these three risk areas is discussed in more detail in the following paragraphs together with mitigation measures that are in place to manage these risks.
2. The first significant risk faced by AFAAS has to do with successfully establishing itself and its approach within the community of practitioners and institutional landscape across the African continent. Most past national approaches to AAS have been less effective than hoped. The approaches advocated by AFAAS differ from past approaches (decentralization of funding and decision-making to local and farm-level, pluralism in service provision, cost-sharing, etc.) and have been well-tested and successful at small scale. As principles of program design, they reflect the accumulated learning of global experience (as documented by the Neuchâtel Initiative and GFRAS). AFAAS’s approach to engaging AAS at national level has been tested over the past two years and substantial interest was found in more than a dozen countries (it is anticipated that similar interest will be found in many more countries). Further, CAADP processes at country level provide a natural platform upon which AFAAS approaches will be demanded and can be developed at the national level. The consultations that have informed the AFAAS operational and strategic plans have revealed very high levels of interest from stakeholders at every level (FARA, NPCA, and AUC at continental level, SROs and RECs at the sub-regional level, and many stakeholders in research and extension institutions at the country level), but the extent to which this interest can be translated into sustained ownership is largely untested. For this reason, it is essential that country-level activities are initiated as early as possible in order to demonstrate what the emergent “advisory service community” in each country can contribute to agriculture and rural development. This project therefore assumes focused CF capacity building from the start and significant investment for an extended period of time, from internal (country), as well as external sources, to organize, train and support AAS providers. As indicated in the table above, the risk rating assigned to this issue of approach and program design is **Moderate**.
3. The second significant risk faced by AFAAS has to do with its funding horizon. Initially, just under 50% of the five-year financial requirement has been secured from the EC and IFAD (of which initial funding available will more than cover CYs 2013- 2014). Several other development partners including, *inter alia*, Switzerland, USAID, and AusAID, have also indicated their interest in supporting AFAAS, but have not yet made commitments. A budget shortfall would trigger a reduction in geographic coverage and AFAAS core staff. As indicated in the table above, the risk rating assigned to this financing issue is **Substantial**.
4. The third significant risk associated with AFAAS is related to its capacity to effectively administer, manage and carry out its proposed work plan. AFAAS is a very new organization and is still in the process of establishing this capacity. This being the case, it is possible that there will be delays in putting systems and personnel in place that will be efficient and effective at carrying out AFAAS activities. This risk is mitigated by several factors: (1) AFAAS has had two years (with support from its first MDTF) to establish these capacities, has made good progress in this regard, and has demonstrated the capability to carry out its work and to develop its administrative and managerial systems; (2) AFAAS enjoys a very close working relationship with FARA, and FARA has gone through the process of establishing similar types of capacity – FARA is already helping AFAAS to learn from FARA’s experiences and is backstopping AFAAS as it establishes capacity for itself; (3) GFRAS provides support and backstopping to AFAAS; and (4) AFAAS will have close support from a World Bank team that has helped several organizations in a similar situation to go through this process, and close supervision from the technical task team as well as from the financial management, procurement, and other operational support teams within the World Bank will be available and provided proactively and systematically. As indicated in the table above, the risk rating assigned to this issue of institutional capacity is **Moderate**.
5. A further strategic risk is that AFAAS may be perceived by some donors as a “project implementation unit” available to be used for undertaking short-term donor-defined tasks. This could damage AFAAS’s mission of contributing to systemic development of advisory services and distract the attention of the staff from more strategic tasks. For this reason it is essential that the majority of support for AFAAS’ strategy be provided as un-earmarked support and that funds are only accepted for activities outlined in its own strategic and operational plans.
6. With these risks and factors in mind, the overall risk rating assigned to the overall program is **Moderate**. For a more detailed set of risks please see Annex 4: Operational Risk Assessment Framework (ORAF).
7. APPRAISAL SUMMARY
	1. Economic and Financial Analyses
8. A full and detailed *ex-ante* economic and financial analysis of the likely value of investments in AFAAS is not warranted because of the difficulty of estimating in advance the specific benefits of the activities and investments to be supported under the Project. However, it is possible to identify the types of benefits which would result from the Project. It is also possible to infer from this, and from previous work on the rate of return to investments in agricultural research and extension, that it is quite reasonable to anticipate that the returns to the proposed investment in AFAAS would be well above typical threshold levels.
9. The primary objective of AFAAS as a continental agency will be to improve the effectiveness and ultimate impact of agricultural advisory programs at the national and local levels across Sub-Saharan Africa on agricultural productivity and food security. This will be achieved through a variety of means, including, *inter alia*: making relevant knowledge and information more readily available to professionals working in these programs (as well as making such information more accessible by their clients); providing leadership, guidance, and technical assistance to agricultural advisory programs to assist in their reform and evolution; and to provide numerous networking opportunities (that do not currently exist) to agricultural advisors and to many other stakeholders Virtually all of the expected benefits of this will be realized in the form of improvements in farm productivity and profitability generated by these national and local level advisory services to farmers. Such improvements will accrue as a stream of returns at the local level over a long period of time. Most of the returns will be captured by farmers themselves, but some of the returns will be captured, *inter alia*, by businesses that supply inputs and services to farmers and by businesses and consumers who purchase farm outputs.
10. A very extensive body of empirical studies (well over 1,000 studies carried out over the past 50 years)[[12]](#footnote-12) has consistently documented rates of return to agricultural research and extension programs that are quite high. Virtually all programs studied are found to have rates of return above 20%, and the overwhelming majority of programs studied have been found to have had rates of return well above 40% with many far exceeding even 100%. These returns have been generated by programs that, their high rates of return notwithstanding, suffer significant widely-agreed and acknowledged program design weaknesses as well as substantial capacity and bureaucratic challenges.
11. Improving the effectiveness of these programs (to perform even beyond their historically high rates of return) is precisely the focus of AFAAS. Although AFAAS is a relatively new institution, it is well-positioned to support the improvement of the effectiveness of these programs for several reasons. First, it possesses very clear recommendations as to the nature of the institutional evolution that would be needed to improve the effectiveness of AAS – and these have been widely agreed in a technical sense (by the professional community of practice within and outside of Africa) and have been officially endorsed by the AU as they are presented in the Framework for African Agricultural Productivity (FAAP). Second, AFAAS enjoys a platform of engagement with the national level programs through the CAADP process that is ongoing in two thirds of the countries across the continent (with more countries still becoming involved each month). In the context of the development and peer review of CAADP Investment Plans (and increasingly in the context of launching the implementation of these plans), countries have looked to CAADP to provide technical assistance in their approaches to all of their agricultural programs. AFAAS is one of the key CAADP responses to this demand for support – and as such has an already established inroad for engaging and contributing to program design and implementation at country level. Third, AFAAS (together with FARA and TEAM Africa) has a plan for how to go about engaging at the country level (the Pillar IV Strategy). The Pillar IV Strategy has been endorsed by all stakeholders and includes a practical time-bound costed plan for how AFAAS will go about its engagement with country programs. More detail is provided in AFAAS’ own strategic and operational plan. Taken together, these factors put AFAAS in a very good position from which to succeed in its objectives to strengthen the effectiveness of the country-level AAS.
12. How much impact would AFAAS need to achieve in order to justify its own budget and the investments being committed through the Project? In terms of the discussion immediately above (i.e., improving the effectiveness of existing agricultural R&D programs in Africa), AFAAS would need to cause improvements in the rates of return of Africa’s agricultural R&D programs (from what have typically been 20% or more) by an additional one third of one percent in order to justify AFAAS’s own budget. In terms of impact at farm level, AFAAS would need to be able to help agricultural R&D programs to generate, within 5 years of its launch, a stream of farm-level productivity improvements equivalent to: (1) an increase of an additional $0.01 for every $1,000.00 of AgGDP that would have been generated without AFAAS[[13]](#footnote-13); or (2) an increased $0.05 in profit annually for each smallholder farm on the Continent[[14]](#footnote-14). Note that these indicative levels of improvements in AgGDP and farm level incomes would be more than enough to justify AFAAS’s budget – but that such gains would also be accompanied by gains to consumers and agribusiness, and this means that the numbers cited overstate what would need to be achieved to justify AFAAS’s budget. Such impacts would seem to be eminently achievable under very reasonable assumptions – and the expectation would be that AFAAS would far exceed these benchmark achievements.
	1. Technical
13. Several aspects of the proposed technical approaches to AFAAS’ work merit attention here including: (1) the technical credibility of its recommendations; (2) the efficacy of the proposed modalities for engaging with programs and practitioners at country level; and (3) the validity of the need for an information gathering and an information repository function with regard to AAS in Africa.
14. *Technical credibility of AFAAS’ recommendations*. AFAAS’ recommendations will be based on the principles for program design articulated in the FAAP. These have been validated through extensive consultation across Africa and with Africa’s development partners world-wide and have been endorsed by the AU. They are very consistent with the principles developed and articulated and endorsed by communities of practice outside of Africa (such as the Neuchâtel Initiative[[15]](#footnote-15), among many others). They are also consistent with the most successful agricultural advisory programs across the continent and the world. AFAAS is, in this sense, at the cutting edge of program design for AAS programs – and is being watched closely as a good example by similar organizations in other regions.
15. *Efficacy of proposed modalities of engagements at country level*. In order to be successful, AFAAS will need to engage effectively with communities of practice and program leaders at the national level. It has already established the credibility of its modality of creating Country Fora through which to promote discussion and consensus building around the principles of program design that are articulated in the FAAP. Nearly a half dozen fora already exist, and this approach is working in practice. In terms of engagement with national programs, it has already been noted that CAADP provides an exceptionally good foundation upon which to base such engagement. As indicated above, AFAAS enjoys a platform of engagement with the national level programs through the CAADP process that is ongoing in two thirds of the countries across the continent (with more countries still becoming involved each month). In the context of the development and peer review of CAADP Investment Plans (and increasingly in the context of launching the implementation of these plans), countries have looked to CAADP to provide technical assistance in their approaches to all of their agricultural programs. AFAAS is one of the key CAADP responses to this demand for support – and as such has an already established inroad for engaging and contributing to program design and implementation at country level. Third, AFAAS (together with FARA and TEAM Africa) has a plan for how to go about engaging at the country level (the Pillar IV Strategy). The Pillar IV Strategy has been endorsed by all stakeholders and includes a practical time-bound costed plan for how AFAAS will go about its engagement with country programs. More detail is provided in AFAAS’s own strategic and operational plan. For these reasons, the proposed modalities have very strong political and technical credibility with respect to their efficacy.
16. *The validity of the need for an information gathering and an information repository function for AAS*. In the absence of AFAAS, no systematic gathering of data about agricultural extension in Africa is taking place. There is no repository which has information about any aspect of AAS in Africa. This is in stark contrast to the progress made in this regard for information on agricultural research. The lack of information about AAS impedes good policy and investment decisions and also further isolates practitioners at every level from each other and from access to information about the programs and learning that has accumulated about their profession. This need is real – and by learning from the International Food Policy Research Institute’s (IFPRI’s) Agricultural Science and Technology Indicators, AFAAS should be able to make a very substantial contribution through establishing a first effort to provide this service.
	1. Financial Management
17. The Bank’s financial management team conducted a financial management assessment of AFAAS, based in Kampala, Uganda. The objective of the assessment was to determine whether: (a) the organization has adequate financial management arrangements to ensure the funds will be used for the purposes intended in an efficient and economical manner; (b) the project’s financial reports will be prepared in an accurate, reliable and timely manner; and (c) the entity’s assets will be protected. The assessment complied with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010 and AFTFM Financial Management Assessment and Risk Rating Principles.
18. The proposed project will be implemented by AFAAS using the existing financial management arrangements which are expected to be strengthened with the recruitment of a Manager for Finance and Administration by June 30, 2014 and internal auditor within 3 months after effectiveness. The Forum will also appoint an external auditor within 3 months after effectiveness. It will also be required to develop a subsidiary grant agreement and MoU to be signed with Host Institutions and CFs with adequate FM provisions to ensure funds are utilized for purposes intended. AFAAS will operate designated and project accounts in a commercial bank acceptable to the Bank and will be in charge of all financial management arrangements and reporting on the project. The host institutions and the CFs will also operate project specific bank accounts in banks acceptable to the Bank. The host institutions will be responsible for the funds disbursed to the CFs and submission of financial reports to AFAAS.
19. The overall conclusion of the assessment is that the financial management arrangements in place meet the Bank’s minimum requirements under OP/BP10.00, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by IDA. The overall Financial Management residual risk rating of the project is substantial. An action plan has also been documented to show actions that need to be undertaken to improve on the financial management arrangements of the project. See Annex 3 for the detailed financial management assessment.
	1. Procurement
20. Procurement for the project will be carried out in accordance with the World Bank Guidelines: Procurement of Goods, Works, and Non Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, dated January 2011, and Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011.
21. The AFAAS Secretariat, located in Kampala, Uganda, will be responsible for conducting procurement under the project. AFAAS has recently hired a Procurement Officer who shall be responsible for conducting procurement .The AFAAS manual provides for a Procurement and Awards Committee to be responsible for adjudication of contract awards and approval of key procurement stages and the manual has been revised to include a complaints handling mechanism. Some additional procurement may be done by the Host Institutions and sub grantees but this shall be preceded by (i) an assessment of the procurement capacity of the Host Institutions and (ii) the adoption of the Grants award manual.

1. A procurement capacity assessment of AFAAS was conducted and the risk for procurement under the project is rated Moderate. The main risks for procurement arise from: (i) inexperience of AFAAS in conducting procurement; (ii) lack of opportunity to apply the approved procurement manual. The main mitigation measure that has been agreed with AFAAS is training of staff in procurement following the recently adopted procurement manual.
	1. Social (including Safeguards)
2. Implementation of the various activities under the MDTF is not expected to have any significant negative social impacts. Proposals for projects funding will not be allowed to involve land acquisition or resettlement. Given the importance of women in agriculture and poverty reduction, and recognizing the different needs of women and men, AFAAS will work to integrate gender issues in all of its activities, projects and policies. Moreover, AFAAS will systematically consider gender equality issues in policy development, the identification, formulation and implementation of its development projects; and in its administrative and financial management. In addition, AFAAS will partner with African Women in Agricultural Research and Development (AWARD) program to strengthen leadership skills of African women in agricultural science empowering them to contribute more effectively to poverty alleviation and food security, as this latter organization expands its program into extension and advisory services. In so doing, AFAAS will report on its progress towards integrating gender equality into its operations as a part of its regular reporting schedule.
	1. Environment (including Safeguards)
3. The project has a Category C environmental classification and therefore there is no environmental issue to be addressed under the project. Furthermore, no Bank Safeguard policies are triggered by this project as it will not fund any category of civil works or the engineering designs or feasibility studies associated with any civil works, either for AFAAS or CF.

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| --- | --- | --- |
| Safeguard Policies Triggered by the Project | Yes | No |
| [Environmental Assessment](http://www.worldbank.org/environmentalassessment) ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064724~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064614~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 4.01) | [ ] | [X] |
| Natural Habitats ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064757~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064560~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 4.04) | [ ] | [X] |
| Pest Management ([OP 4.09](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064720~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)) | [ ] | [X] |
| Physical Cultural Resources ([OP/BP 4.11](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20970738~pagePK%3A60001219~piPK%3A280527~theSitePK%3A210385%2C00.html)) | [ ] | [X] |
| Involuntary Resettlement ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064610~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064675~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 4.12) | [ ] | [X] |
| Indigenous Peoples ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20567505~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20567522~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 4.10) | [ ] | [X] |
| Forests ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064668~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20141282~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 4.36) | [ ] | [X] |
| Safety of Dams ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064653~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064589~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 4.37) | [ ] | [X] |
| Projects in Disputed Areas ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064615~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064640~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 7.60) | [ ] | [X] |
| Projects on International Waterways ([OP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064667~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html)/[BP](http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0%2C%2CcontentMDK%3A20064701~pagePK%3A60001255~piPK%3A60000911~theSitePK%3A210385%2C00.html) 7.50) | [ ] | [X] |

Annex 1: Results Framework and Monitoring

African Forum for Agricultural Advisory Services (AFAAS) Second MDTF

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| --- |
| **Project Development Objective (PDO): To reform and strengthen Agricultural Advisory Services (AAS) in accordance with FAAP principles towards increasing agricultural productivity and food security.** |
| **PDO Level Results Indicators** | **Core** | **Unit of Measurement** | **Baseline****Original Project****Start****(2013)** | **Cumulative Target Values** | **Frequency** | **Data Source/****Methodology** | **Responsibility for Data Collection** | **Comments** |
| **Y1** | **Y2** | **Y3** | **Y4** | **Y5** |
| % of value chain actors utilizing improved knowledge and technologies | [ ]  | % | 0 | 7 | 14 | 21 | -28 | 35 | Annual | Case studiesFAO/IFPRI Reports |  |  |
| % of various categories of value chain actors satisfied with the quality of AAS | **[ ]**  | % | 0 | 5 | 10 | 20 | 30 | 40 | Annual  | Survey |  |  |

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| **Objectives and Indicators** |
| **Intermediate Results Indicators** | **Core** | **Unit of Measurement** | **Baseline****Original Project****Start****(2012)** | **Cumulative Target Values** | **Frequency** | **Data Source/****Methodology** | **Responsibility for Data Collection** | **Comments** |
| **Y1** | **Y2** | **Y3** | **Y4** | **Y5** |
| **Intermediate Result 1: Increased country level capacity in AAS for engagement in CAADP Pillar IV** |
|  Number of Country Fora (CF) established  | [ ]  | No. | 0 | 12 | 12 | 7 | 6 | 3 |  Annual | AFAAS M&E | M&E Manager |  |
| Number of CF established and operating in accordance with FAAP guidelines (with capacity to articulate demands, advocate for AAS reforms, address gender equality, mobilize and manage resources and act as platform for sharing knowledge) | [ ]  | No | 0 | 5 | 10 | 16 | 22 | 25 | Annual | AFAAS M&E |  |  |
| Number of AAS pro productivity/food security reforms effectively delivered by the CF | [ ]  | No. | 0 | 0 | 5 | 5 | 4 | 4 | Annual | AFAAS M&E | M&E Manager |  |
| **Intermediate Result 2: Increased regional and continental collaboration and partnerships in support of AAS reform** |
| Stakeholders validate partnership strategy | [ ]  | Yes/No | - | Yes | - | - | - | - | Annual | AFAAS |  M&E Manager |  |
| Number of partnerships formed at national, regional, and international levels | [ ]  | No. | 0 | 2 | 3 | 1 | 1 | 0 | Annual | AFAAS | M&E Managers  |  |
| Number of partnerships effectively delivering gender-related reforms in AAS[[16]](#footnote-16) | [ ]  | No. | 0 | 0 | 1 | 2 | 1 | 1 | Annual | AFAAS Survey |  |  |
| **Intermediate Result 3: Better governance and management of AFAAS in support of AAS reform** |
| Existence of functional governance procedures, management structures, and policies[[17]](#footnote-17) | [ ]  | Yes/No | Yes | Yes | Yes | Yes | Yes | Yes | Quarterly | AFAAS |  |  |
| Increase in the amount of funds for supporting AAS in Africa | [ ]  | % | US$6.7m | 3 | 5 | 10 | 15 | 15 | Six monthy | AFAAS |  |  |
| Number of advocacy initiatives positively impacting gender reforms in AAS[[18]](#footnote-18)  | [ ]  | No | 0 | 1 | 1 | 2 | 1 | 2 | Six monthly | AFAAS Survey |  |  |

Annex 2: Detailed Project Description

African Forum for Agricultural Advisory Services (AFAAS) Second Multi-Donor Trust Fund

**Component 1: Support to Country AAS for Engagement in CAADP Pillar IV.**

1. This component will support all AAS stakeholders, both public and private, guided by the FAAP principles, in their engagement in the implementation of CAADP Pillar IV in their various countries. This includes developing mechanisms and implementation guidelines to ensure that the process of developing and supporting ***CAADP*** Country Compacts reflects the role and importance of AAS. This would in part be through supporting the emergence, in each member country, of a CF for AAS as well as supporting capacity building, human resource development and innovation activities in delivering AAS.
2. ***Sub-component 1.1: Establishment and Strengthening of Country Fora***. This sub-component will support the emergence of CF of AAS stakeholders at the country level. These CF will be institutional structures under which stakeholders in each country can work together to influence the reform and implementation of AAS in their respective countries and through which they will be able to meet to share information and discuss relevant issues. They will provide stakeholders with a space within which they can identify priority areas of concern to be addressed through collaborative information sharing, joint activities and partnerships. The general objectives of the CF are (i) to strengthen the capacity of AAS stakeholders at country level to lead advisory service development, (ii) to mobilize, reflect and learn how to improve advisory service provision within an agricultural innovation system framework, (iii) to act as the arm of the country CAADP implementing organs linking with AAS stakeholders and, (iv) to be able to utilize (within and between countries) the human capacity that is being developed for undertaking reforms in AAS.
3. AFAAS will work with country-level governance and management structures, and will facilitate the emergence of such governance bodies where they do not exist by setting up Interim National Steering Committees. AFAAS will work through these committees to facilitate the institutional and organizational development of the CF. The CF will be configured in such a way that they focus on AFAAS objectives in a way that is interlocked with the structures that are designing/ implementing the national CAADP compacts.
4. Activities to be implemented under this sub-component will include:
* *Activity 1: Consolidate existing CF and support the emergence of new ones.* AFAAS will support already established CF[[19]](#footnote-19) to develop and implement their strategic plans. It will engage new countries with expressed interest to establish CF and provide similar technical support and guidance. For these countries, AFAAS will develop criteria and procedures for identifying activities for implementation by CF with AFAAS support.
* *Activity 2: Strengthen country-level capacity to contribute to CAADP roundtables and post-Compact implementation.* AFAAS will prepare guidelines for national-level actors to help them engage in CAADP activities[[20]](#footnote-20); provide training for national AAS actors in their tasks outlined in these guidelines; provide coaching for CF and other national-level actors; and engage with regional partners - particularly Regional Farmer Organizations (RFOs) - both directly at national level and with the regional institutions, supporting the national roundtable processes and the development of compacts.
* *Activity 3: Provide human resource development support*. AFAAS will: (i) advocate for greater investment in human resource development of advisors and farmers in all AFAAS activities; (ii) engage in appropriate national/regional platforms on advisor and farmer training; (iii) support strategic planning processes for human resource development at country level through mentoring and coaching.
* *Activity 4: Support AAS innovation activities.* The AFAAS Secretariat will develop guidelines, procedures and mechanisms through which funds from AFAAS or other sources can be channeled and managed as sub-grants directly by host institutions on behalf of the CF. Subsequently it will provide technical support to CF to put in place mechanisms for managing funds. The process for awarding sub-grants will involve approval of the sub-grant by the AFAAS Board through its approval of AFAAS’ work plan.  The process of developing proposals by the CF will start with a workshop to review AAS challenges that need innovation and to identify innovative practices from elsewhere that could be adapted for their use. Groups/organizations/ individuals from the CF will identify innovations that they wish to try out and/or gaps for which they could develop innovative AAS approaches. After the workshop they will develop proposals for developing/testing their selected innovations. The proposals developed will be presented in a national innovation marketplace to which potential sponsors will be invited so that ultimately the financing of the innovation activities is open to other sources of funding. The CF will also select those it will support through its sub-grant. These will be submitted to the AFAAS Secretariat for review by the Thematic Technical Working Groups. Proposals that will be accepted for funding will be presented to the AFAAS Board for approval. The Secretariat will then authorize the CF to issue contracts for the proposals to be implemented. The detailed guidelines for awarding innovation grants will be prepared and submitted for Bank approval prior to the issuance of the first sub-grant.
1. ***Sub-component 1.2. Support to Regional and Continental Collaboration in AAS.*** This subcomponent will support the establishment of the infrastructure and mechanisms for enabling AAS actors to network for purposes of, among other things, sharing experiences, finding solutions to everyday problems that they face, accessing global knowledge hubs and facilitating collective innovation in AAS delivery. The project will provide support for cross-country exchange of expertise to support reforms in AAS; identify other regional and sub-regional fora that can be used to mobilize this exchange; identify the needs for support in reforms of AAS at national level and match them with existing continental human resources. The project will support AFAAS partnerships with national, regional, continental and international agricultural innovation systems. It will do this through networking and forming linkages and partnerships with other organizations and initiatives that have similar mandates and interest in building AAS. It will pursue partnerships in the context of CAADP with SROs, umbrella regional and continental organizations bringing together the various categories of actors[[21]](#footnote-21) in agricultural innovation. The activities that will be undertaken under this sub-component include:
* *Activity 1: Develop and implement an information and communications strategy*, to enable countries (CF) to exchange information and collaborate across boundaries. This will largely consist of developing and implementing an information and communication management strategy. Elements of the strategy will include: (i) maintenance and updating of the AFAAS website; (ii) management of the virtual social networking platform to ensure existence of a regularly-updated database of AAS actors and organizations and virtual interactions within and between CF, thematic working groups and self-generated AAS innovation communities; (iii) design and implementation of a system for financing collaborative innovative projects for developing new AAS approaches and enhancing AAS capacity, e.g., through training consortia bringing together national and regional AAS actors; (iv) the collection, management and sharing of documentation; (v) two biennial symposia for continental exchange (2013 and 2015); and (vi) production of regular newsletters and strategic reports. The project will also support peer engagements among participating countries and evidence-based policy formation at a continental level. In this regard, AFAAS will facilitate two peer reviews per year of advisory service approaches, in collaboration with RFOs and regional research networks; present results of peer engagements in CAADP and other relevant fora; investigate and develop possible roles and procedures for AFAAS in mobilizing peer participation in major reviews, joint evaluations, and other areas as deemed necessary.
* *Activity 2: Support five CF or other relevant country- level institutions to become continental or regional centers of advisory service expertise and leadership on specific strategic topics*. AFAAS will: (i) confirm choice of specific fields where expertise is needed and demanded. These may include how advisory services should address food security, market orientation, climate change, financing advisory services, ICT developments, farmer/advisor education; (ii) develop criteria for selecting country level public or private institutions that will be developed into centers of advisory service expertise in given areas and select the countries; (iii) provide training, consultancy support, and start-up grants for developing appropriate capacities within these centers; (iv) develop training modules in these fields to be managed by national-level centers of expertise and used for human resource development in other countries, with support from regional organizations; and (v) hold events to launch the centers.
* *Activity 3: Proactive engagement in the design of CAADP Pillar IV implementation structures at continental level*. AFAAS will develop a supplement to the FAAP document that deepens the AAS dimension; participate in CAADP meetings where CAADP Pillar IV facilitation guidelines are developed; collaborate with FARA and other institutions to ensure that AAS are better integrated into CAADP country programs in a manner consistent with FAAP principles for AAS; and provide information to leaders of country CAADP design processes regarding the implications of CAADP Pillar IV and the FAAP for advisory services.
* *Activity 4: Review, validate and implement Partnership Strategy.*This will support the development of a Partnership Strategy that covers a series of institutions that support AAS at the sub-regional, continental, and world level. The main actors with whom AFAAS will develop partnerships are: (i) Farmer Organizations and other Value Chain Actors from input suppliers to processors; (ii) research establishments; (iii) continental and sub-regional CAADP Pillar IV organizations; (iv) policy advocates; and (v) human capacity developing institutions.

The implementation of this strategy will involve holding partnership development workshops; holding occasional partnership review workshops; and participating in events organized by partners. The workshops will seek to identify: (i) activities and AFAAS results that can be contributed to through synergies with the partners; (ii) initiating the development of proposals for partnership projects; (iv) agreeing on resource contributions by AFAAS and the partners; (iii) identifying other potential sources of funding for the activities. In addition, the workshops will be used for review of on-going partnership activities, lesson-learning, and charting ways of using the outputs of the partnerships to influence policy, and finally, jointly scaling out the results.

AFAAS will have a grants budget available to partners jointly implementing the partnership activities and who have a comparative implementation advantage. Examples of grant activities include: testing, adapting and piloting of innovations and technologies (e-extension, farmer to farmer extension, farmer field schools, plant clinics, etc.); scaling up and out innovations from research; capacity strengthening of AEAS actors; studies on climate change, gender; holding joint conferences, workshops; conducting action research in AEAS etc. These grants will be available through partnership MoU and/or contracts. Reciprocally, AFAAS will also expect to receive funds, through MoUs and/or contracts, from partners to implement activities for which it has a comparative advantage but for which it has no budget. To the extent possible such contracts will include aspects of overheads and technical assistance.

**Component 2: AFAAS Governance, Management and Secretariat Activities**

1. Activities that will be implemented under this recipient-executed sub-component will include:
* *Activity 1: AFAAS governance and management systems*. Under this component, support will be provided to the AFAAS Secretariat to strengthen its governance and administration systems (the General Assembly, the Board, and the Secretariat). This will include: support for AFAAS internal Units; an updating of its governance manual, operational manual, internal systems, guidelines and constitution; establishment and strengthening of a human resource, finance and procurement units; and strengthening of the information and communications unit. The component would fund: (i) operational costs[[22]](#footnote-22) including staff salaries of the Secretariat; (ii) office equipment; (iii) convening of and participation in regional and international fora; (iv) capacity building in financial management, procurement, accounting, and human resource management; (v) development and maintenance of an M&E system, and (vi) General Assembly and Board meeting expenses.
* *Activity 2: Develop and implement monitoring and evaluation system.* The principal objective in the M&E development and maintenance is to institutionalize a results-based M&E system. The M&E Unit at the Secretariat will develop appropriate tools and methods, in addition to commissioning specific studies to evaluate the outcomes and impacts of AFAAS interventions.
* *Activity 3: Undertake syntheses and strategic studies.* This will include, but is not limited to, the following activities: (i) selection of priority areas for syntheses and strategic studies; (ii) identification of partners that can carry out syntheses and strategic studies; (iii) carrying out two synthesis studies and one strategic study per year, and (iv) presentation of findings within CAADP and related fora international, regional and national level.
* *Activity 4: Develop and maintain database on AAS in Africa.* Information about agricultural advisory systems in Africa is hard to get. There are no clear well-defined sources of information on questions of national/regional resource allocation, AAS workforce numbers, institutional policy frameworks, tools and approaches or their effectiveness and relevance[[23]](#footnote-23). AFAAS will take responsibility to develop approaches for collecting and providing this type of information, and (whether through doing this work itself, or contracting it to other entities) will ensure that such information is collected and made available to interested stakeholders.

Component 3: Management and Supervision of the MDTF

1. This component will be executed by the World Bank. The aim of this component is to manage, administer and supervise the MDTF. It has been agreed with the donors contributing to the MDTF that the full cost of managing and supervising the trust fund will be financed through the proceeds of the MDTF.
2. The Trust Fund will support the project components up to the funding levels presented in Table 1. The annual work planning process will articulate how resources will be allocated within the components and sub-components. Any adjustments in the Strategic Plan will be discussed at the time of the mid-term review.

Annex 3: Implementation Arrangements

African Forum for Agricultural Advisory Services (AFAAS) Second MDTF

**Project Institutional and Implementation Arrangements**

1. The Comprehensive Africa Agriculture Development Programme (CAADP) is an African-owned and Africa-led initiative through which interventions to transform agriculture are coordinated. Under CAADP, the Forum for Agricultural Research in Africa (FARA) has the mandate to provide leadership on agricultural research, advisory services, and education. FARA has delegated to AFAAS the mandate and responsibility to lead and coordinate on agricultural advisory services. In this context, AFAAS operates under the umbrella of FARA but has its own autonomy and governance structure. With its role in CAADP, AFAAS coordinates with FARA, as well as with both the Africa Union Commission (AUC) and the NEPAD Planning and Coordinating Agency (NPCA) in supporting CAADP processes at national, sub-regional, and continental levels.
2. At a broader level, AFAAS is one of the founding members of, and enjoys the technical support of, the Global Forum for Rural Advisory Services (GFRAS). GFRAS is a global organization that provides a space for advocacy and leadership on pluralistic and demand-driven rural advisory services within the global development agenda. As such, GFRAS is a source of global experience and expertise which AFAAS can draw upon to support its objectives in Africa.
3. The AFAAS Secretariat will have Regional Desk Officers to coordinate activities in the Africa Sub-Regions – West and Central Africa, East and Central Africa, North Africa and Southern Africa. The East and Central Africa desk Officer will be based at the AFAAS Secretariat while the other three will be hosted by appropriate institutions in the regions – preferably the headquarters of the Sub-Regional Research Organizations or the Regional Economic Communities.
4. The Country Fora (CF) are not part of the governance structure of AFAAS. A CF is an umbrella organization of AAS providers in a given country that brings AAS stakeholders together to advocate for scale-up and reform of agricultural advisory services along the lines laid out in the FAAP. In implementation, CFs would enable the AAS stakeholders to monitor the performance of the agricultural advisory system and would support measures to improve the performance of the agricultural advisory services. The presence of a CF in a given country is a pre-requisite for AFAAS to become involved in that country. Therefore, AFAAS will pay special attention to the formation and strengthening of CFs across the continent, keeping the CF close to its governance structure with national ownership.
5. Country level activities will, during the process of formation of the CF, be governed by an Interim Steering Committee which, subsequent to formation of the CF, will be reconstituted into a Steering Committee of the CF. Each CF will develop a five-year strategy, operational plan and budget on the basis of which a detailed rolling annual work plan and budget will be developed. The work of the ISC will be supported respectively by a National Focal Person identified and agreed by the CF stakeholders. Once the ISC is formalized and financially stable with work programs, it will recruit a CF Coordinator.
6. A hosting arrangement will be key to the institutional development of the CF, thus the need for a Host Institution (HI). The HI must be a member of the CF and should be a well-established focal agricultural institution/organization. It is AFAAS’ policy not to create new/parallel structures, therefore, the first option for coordinating and managing CF activities shall be to identify an already existing institution with appropriate management systems to host the CF and provide the coordination and management functions, which include, but not be limited to:
* Providing secure workstations when needed to the Focal Point (FP) in a shared environment with other HI staff members;
* Managing the project resources in compliance with the AFAAS Operational Manual i.e. receiving and accounting for project funds- guided by FP
* Supporting institutional development of the CF, including nurturing the CF to (over time) become an independent entity;
* Supporting resource mobilization and advocacy;
* Providing administrative and finance support systems including accounting and banking, financial reporting and procurement services to AFAAS on behalf of CF;
* Providing ICT support services including ground phone line system and extension to the offices, internet, emails, local area network for CF Focal Point and maintenance support for the same;
* Access to office equipment such as photocopiers, fax machines and printers.

1. Furthermore, the HI will provide sub-grants, on behalf of the CFs, to beneficiaries to support AEAS innovation activities. Examples of these activities include: testing, adapting and piloting of innovations and technologies (e-extension, farmer to farmer extension, farmer field schools, plant clinics, etc.); scaling up and out innovations from research; capacity strengthening of AEAS actors; studies on climate change, gender; holding joint conferences, workshops; conducting action research in AEAS.
2. The activities in the CF work plans shall be implemented by members of the CF that have the requisite technical and managerial competencies. These may be individuals/ AAS experts, farmer organizations, private sector companies, NGOs, public sector institutions, or consortia of any of these. They will be identified in the process of CF interactions. The CF will use guidelines provided by the AFAAS Secretariat to undertake due diligence for ensuring that the entities have the capacities to implement the activities. In cases of innovation projects, the CF will have a peer review processes for selecting proposals. In cases where suitable individuals/ organizations cannot be found to implement activities in the CF work plans, the CF (through its Host Institution) will contract local - or if necessary - international consultants to implement the activities. See Figure 3 below on the African AAS institutional landscape.

Figure 3.1: African AAS Institutional Landscape

GFRAS

AFAAS

Country Fora

**(Host Institution)**

AUC, NPCA, FARA

SROs/AFAAS Regional Desk Officers

AAS

Other Partner Organizations

1. Implementation of the project will be the responsibility of the AFAAS Secretariat. AFAAS’ governance system is comprised of the AFAAS General Assembly (GA), the Board and the Secretariat. The GA is the supreme AFAAS governing body. It has two official representatives from each CF (one male and one female), two representatives drawn from continental bodies of the Farmer Organizations, and a representative from FARA. Other stakeholders are invited to participate in the GA but have no voting rights. The GA meets once biennially. Its responsibilities include electing the Board, reviewing and approving overall AFAAS policies as recommended by the Board, determining the strategic orientation and priorities of AFAAS, evaluating performance of AFAAS and, reviewing and amending AFAAS’ Constitution, as needed (*See Figure 4*).

**Figure 3.2: AFAAS Institutional Structure**

General Assembly

Board

Secretariat

1. The Board has overall governance oversight responsibility. This includes: recommending policies for approval by the GA; setting AFAAS Secretariat priorities and defining the projects to address these priorities; recruiting the Executive Director and Project Managers; overseeing the activities of the Secretariat; approval of the annual plan of activities and corresponding budgets and, approval of the financial reports.
2. The Board is comprised of 15 members constituted as follows: Nine (9) representatives drawn from CF, with the Chairperson selected from among the CF representatives. Her/his position as a country representative is filled by another person from the same region. The Board also has a representative from a continental or sub-regional Farmer Organization, a representative from FARA, and three members selected on merit basis. Women will constitute at least 30% of the Board membership. The Board has powers to co-opt non-voting members. It has standing committees for Finance and Administration, a Program Committee, and an Audit Committee. It has powers to put in place Technical Working groups, Ad Hoc Committees and Task Forces to assist in its work.
3. The Secretariat is responsible for the day-to-day management of AFAAS. The secretariat will: facilitate the functioning of the Board; develop the annual work plan and budget; manage and implement approved annual work plans and budgets; support National Platforms and other groups of stakeholders at country level; promote compliance with CAADP principles; link to the global community; promote networking among CF and other stakeholders; facilitate monitoring and evaluation and, mobilize resources and engage in lobbying and advocacy. These responsibilities will entail AFAAS working with CAADP institutions and a well-functioning consortia of Development Partners. The Secretariat will also establish functional modalities for management of the AFAAS Secretariat (including development of different strategies, operational policies, capacity building plan for the Secretariat and other AFAAS organs (see *Figure 5*).

**Figure 3.3: AFAAS Secretariat**

Finance and Accounts Assistant

Executive Director

Internal Auditor

Thematic Working Groups

Planning & M&E Manager

Programme

Manager

Procurement Officer

Finance Admin. Manager

M&E Officer

Finance Admin. Officer

Programme Officer

Admin. & HR Officer

Admin. Asst/ Receptionist

I.T. Asst

Office Attendant/ Cleaner

Drivers (2)

Regional Desk Officers (3)

Technical Assistant/ Partner-ships

**Status of recruitment**

 **Recruited**

 **Year 1**

 **Year 2**

 **Year 3**

 **Year 4**

Comms, Info & KM Officer

1. The technical staff at the Secretariat will be kept lean and will be mainly tasked with management of and providing leadership for the technical activities. In providing technical leadership, it will be supported by Thematic Working Groups made up of experts in the technical fields of operation. In this regard, the AFAAS Secretariat will establish and continuously update databases of technical experts. In order to build expertise in the technical areas within AFAAS member countries, the composition of the Thematic Working Groups will blend experts from AFAAS member countries with experts from other parts of the world. The actual implementation of the project-wide activities will be undertaken through consultancies, commissioning partners, and out-sourcing.
2. Annual work planning and budgeting. Implementation of AFAAS activities will be guided by an annual work planning and budgeting process approved by the Board. The plan and budget will be coordinated with CAADP support institutions such as AUC, NPCA, RECs and Lead Pillar institutions. It will also reflect the planned activities of CFs, as well as joint activities planned with key partners such as research establishments and human capacity development institutions. This exercise will identify the sources of funding for the proposed activities and will ensure that the activities are fully funded. A World Bank team will carry out at least two supervision missions annually to review the annual work plan and budget and assess implementation progress. Disbursements under the project will be made on the basis of agreed annual work plans and budgets between the World Bank and AFAAS.
3. Operational procedures. The project will be implemented within the broader AFAAS Constitution and Governance Manual, and more specifically by its Operational Manual (which includes Financial Management, Procurement, Audit and Human Resources Management manuals). All of these manuals were reviewed by the World Bank and approved by the AFAAS Board, however, further review will be done before the project becomes effective. Project implementation will also follow World Bank guidelines and the MDTF Grant Agreement to be signed between AFAAS and the World Bank.

**Financial Management, Disbursements and Procurement**

*Financial Management*

1. The Bank’s financial management team conducted a financial management assessment of AFAAS, based in Kampala, Uganda. The objective of the assessment was to determine whether: (a) the organization has adequate financial management arrangements to ensure the funds will be used for the purposes intended in an efficient and economical manner; (b) the project’s financial reports will be prepared in an accurate, reliable and timely manner; and (c) the entity’s assets will be protected. The assessment complied with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010 and AFTFM Financial Management Assessment and Risk Rating Principles.

*Institutional Arrangements for Financial Management*

1. The Executive Director AFAAS will be the accounting officer for the project and will be responsible for ensuring that adequate financial management arrangements are maintained throughout the project life. Project implementation in member countries will be through well-established host institutes selected by each Country Fora. The host institute will be accountable for all funds disbursed to the member countries (CF). The institutions/ organizations will utilize their existing financial management arrangements in handling the project. Accordingly, the Bank will undertake an FM assessment to assess the adequacy of the FM arrangements, systems and controls, identify any risks and agree with the Host Institution to an action plan to mitigate the identified risks, as a subsidiary agreement will be signed between AFAAS and the host institutions detailing the financial management arrangements under the project. Similarly, MoUs between AFAAS, the Country Fora (CF) and the selected host institution will be signed for each participating country to ensure that the project activities to be implemented are in keeping with their CF five-year strategy, operational plan, annual work plan and budget. The subsidiary agreement template will be prepared within 6 months after effectiveness. The subsidiary agreement and MoU templates should be cleared by the Bank to ensure that adequate FM arrangements are in place. Criteria for selecting host institutions will include the following three mandatory requirements: a qualified experienced accountant to account for project funds; acceptable accounting policies and procedures and a member of the CF. Other requirements that would ensure each host institution has a strong FM system include an accounting information system and internal audit function. The host institution will have to allow AFAAS internal and external auditors access to its books of accounts and comply with financial reporting and disbursement arrangements included in the subsidiary agreement and MoU.

Table 3.1 Risk Assessment and Mitigation

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Risk** | **Risk Rating** | **Risk Mitigating Measures incorporated into the Project Design** | **Condition of Effectiveness (Yes or No)** | **Remarks** | **Residual Risk Rating** |
| ***Inherent Risk*** | M |  |  |  |  |
| **Country** | L | Being a regional project it will not be affected by country issues | N |  | L |
| **Entity Level.** The institution is in its early years of operating in the country. It does not have offices in member countries and will be operating through host institutes and CFs thus faces coordination and implementation challenges | S | Key governance and operational documents have been developed to guide the CF. A Partnership Strategy has been developed to guide AFAAS’s actions in this regard and it defines clearly the principles. A MoU will be entered into between AFAAS, the CFs and host institutes for each participating country. | **N** | The host institutes targeted are large established institutes with good structures. | M |
| **Project Level.** The FM arrangements at the subsidiary grant level for host institutions and CFs are yet to be determined. | S | Subsidiary agreements with host institutions and MoUs between host institutions and CFs to be cleared by the Bank to ensure there are adequate FM arrangements. | N |  | S |
| ***Overall Inherent Risk*** | **M** |  |  |  | **M** |
| ***Control Risk*** | M |  |  |  |  |
| **Budgeting.** Budget preparation delays by CF may be experienced. | M | The budget key dates will be circulated to all CF and host institutions. | N |  | M |
| **Accounting.** There is only one qualified accountant who will be in charge of the financial management of the project.Delays in accountability by the CF and host institutes may be experienced. | S | AFAAS to recruit a Finance and Administration Manager by June 30, 2014. The organization has incorporated the services of the finance and administrative assistant to carry out clerical accounting work. The use of the SUN accounting system also enhances the performance of the accountant.Delays in accountability to be addressed in the MoUs. | N |  | M |
| **Internal Control.** There is no internal audit function in the organization.Review of activities of the CF presents a challenge due to lean staff at Secretariat.The CFs are made up of individuals with loose structures with weak internal controls. | S | AFAAS will recruit an internal auditor within 3 months after effectiveness. It will rely on its other established internal controls as documented in the Finance and Administration manual.The targeted host institutes are already established national institutions with reliable controls including M&E. | N |  | S |
| **Funds Flow.** The Secretariat will be disbursing funds to focal agricultural (host) institutes in the member countries. This might result in delays in disbursement and opening of project specific bank accounts. | S | AFAAS will enter into agreements with all hosting institutes that will document the funds flow requirements. Host institutions will have MoUs with the CFs documenting the funds flow arrangements. | N |  | S |
| **Financial Reporting.** Delays in receiving reports from the CF through the Host Institute.Financial report preparation may present a challenge to CF members who are not finance persons. | S | Strict reporting deadlines will be incorporated in the agreements with the host institutes and MoUs with CFs. The host institutions will be required to submit their quarterly reports within 30 days after the end of the quarter to AFAAS. Simplified financial reporting formats will be provided to the CF members with training before disbursement. | N | Key staff are on board who have experience working on donor-funded projects. The expected reporting formats (IFRs) are similar to the first AFAAS MDTF | S |
| **Auditing.** Inadequate coverage of the CF and host institutes. | S | The audit TORs will clearly specify the audit scope. | N | The audit ToRs have been agreed between the Bank and AFAAS  | M |
| **Overall Control Risk** | S |  |  |  | S |
| **Total Project FM Risk** | **S** |  |  |  | **S** |

H = High Risk, S = Substantial Risk, M = Modest Risk, L = Low Risk

1. In view of the above risk assessment, the overall financial management risk rating for the project is considered **Substantial.**

*Strengths and weaknesses of the financial management system*

1. The project financial management is *strengthened* by the following features:
* AFAAS has an approved financial management manual and accounting guidelines which describe the financial management system and related internal control system and other set procedures.
* The organization has experience in executing donor-financed projects.
* Strong budget preparation processes at the Secretariat.
* The finance and accounting staff is qualified and experienced.
* The organization has well-defined governance structures; General Assembly and Board.
* The member countries’ financial management will be handled by already established host institutes.

The project financial management is *challenged* by the following features:

* No internal audit to boost the review and the effectiveness of established systems and internal controls. The Forum will be recruiting an internal auditor within 3 months after effectiveness to carry out the audit function.
* Reliance on only one qualified project accountant. The Forum will be recruiting a finance and administration manager to strengthen the function.
* Monitoring effectiveness of utilization of resources disbursed to CF in member countries by the Secretariat present a challenge. However, this will be addressed in the agreements and MoUs with the host institutions and CFs.
* Delays may be experienced in accounting and financial reporting by CF who may not have accountants. This will be addressed in the MoUs between the host institutions and the CFs with a reporting deadline of 15 days after the end of each quarter.
* Weaknesses in the internal controls at the CF due to their loose structures. However, this will be addressed in the agreements and MoUs with the host institutions and CFs.

*Budgeting*

1. Preparation: The AFAAS Secretariat in collaboration with the Regional Desk Officers and Focal point persons in member countries will prepare annual activity based budget as guided by the cost tables. The budgets will be approved by the AFAAS Board before execution. Any revision and reallocation of the budget shall be approved by the Board.
2. Monitoring: The budget holder is responsible for monitoring budgets under their control. The AFAAS Finance Manual sets out the detailed budgeting and budget monitoring procedures. Budget monitoring is exercised through the monthly, quarterly and bi-annual and annual budget monitoring reports. The management investigates expenditures exceeding the budget, nil expenditure, low expenditure or any expenditure not in the work plan.

*Accounting*

1. Accounting system: The accounting software in use is the SUN System. The system is capable of producing financial management reports which are satisfactory to the Bank.
2. Staffing: The Finance Department at AFAAS is headed by the Finance Officer who is assisted by a finance and administrative assistant. The Finance Officer has the relevant qualifications, experience and capacity to handle financial reporting under the proposed project. AFAAS plans to strengthen the staffing through the recruitment of a finance and administration manager by June 30, 2014.
3. Basis of Accounting: AFAAS is expected to use accrual accounting.
4. Financial Management and Administration Manual: AFAAS has a Finance and Administration Policies Manual. The manual is comprehensive to guide AFAAS on management of both financial and other resources. The Manual sets out important accounting and internal control procedures that aim at enhancing accountability, transparency, good governance and enable preparation of financial statements.
5. Record Keeping and Maintenance: AFAAS will be responsible for maintaining the records and documents for expenditures incurred under its respective parts of the project. The current records maintenance is adequate for project implementation.

Table 3.2: Allocation of Grant proceeds

|  |  |  |
| --- | --- | --- |
| **Category** | **Amount (USD)** | **Financing Percentages** |
| Component 1: Support to Country AAS for Engagement in CAADP Pillar IV | 10,500,000 | 100% |
| Component 2: AFAAS Governance, Management and Secretariat Activities | 6,500,000 | 100% |
| **Total** | **17,000,000**  |  |

*Financial reporting arrangements*

1. AFAAS will prepare quarterly un-audited IFRs in form and content satisfactory to the Bank, which will be submitted to the Bank within 45 days after the end of the quarter to which they relate. IFRs from the host institutions to AFAAS will be submitted within 30 days after the end of the quarter while the CFs will be required to submit their quarterly reports within 15 days after the end of the quarter to the host institutions. The format and content of the IFR has been agreed between the Bank and the AFAAS. The contents of the IFR will include a section to report on the accountability of funds utilized and a section to access funds using the report-based method of disbursement.
2. *The reporting section includes:*
* Statement of Sources and Uses of Funds; and
* Statement of Uses of Funds by Project Activity/Component.
1. *The disbursement section includes:*
* Designated Account Activity Statement;
* Bank statements for both the Designated and Project Account and related bank reconciliation statements;
* Summary statement of Designated Account expenditures for contracts subject to prior review; and
* Summary statement of Designated Account expenditures not subject to prior review.
1. AFAAS will also prepare the project’s annual accounts/financial statements within three months after the end of the accounting year in accordance with accounting standards acceptable to the Bank. The financial statements will be required to be submitted to the Bank within 6 months after the end of the fiscal year.

**Internal Control and accounting Arrangements**

*Internal control procedures*

1. The internal control procedures as documented in the financial manual for AFAAS are adequate to ensure authorization, recording and custody controls. Functional responsibilities are adequately segregated within the finance procedures; bank reconciliations are prepared monthly, periodic accountability is ensured through physical inventory of assets.

*Internal Audit.*

1. AFAAS does not have an internal audit department due to its lean staffing structure but relies on the comprehensive internal controls as documented in the Finance and Administrative Policies Manual. The Forum should recruit an internal auditor to offer internal audit services within four months after effectiveness.
2. Fixed Assets Register: AFAAS has maintained a fixed assets register with all the minimum information for assets which is updated regularly. Periodic physical inventory of assets is also conducted.

***Disbursements***

*Funds flow arrangements*

1. AFAAS will be required to open a Designated Account denominated in USD in a commercial bank acceptable to IDA. Evidence to this effect should be submitted to the Bank ahead of project disbursement together with the signatories to the accounts in accordance with the Grant Agreement.
2. AFAAS will open a Project Account denominated in local currencies in a local commercial bank acceptable to IDA from which project funds will be received from the Designated Account to meet project costs payable in local currency. The Host Institutes will be expected to open project specific bank accounts in banks acceptable to the Bank through which funds will be disbursed in US$. Similarly, the CFs will also be required to open project specific bank accounts in commercial banks acceptable to the Bank through which advances from host institutions will be credited. Disbursement arrangements between AFAAS and host institutions will be documented in the subsidiary agreements. Host institutions will be expected to make payments to the CFs centrally. For cases were the CFs receive funds, they will be expected to account for initial advances before subsequent ones are given. Financial management arrangements between the host institutions and CFs will be defined in the subsidiary agreements and MoUs.

**Figure 3.4: Flow of funds to Implementing Institutions**

*World Bank*

*Designated Account*

*AFAAS (US$)*

*Host Institution for CF*

*(US$)*

*Project Bank Account*

*(Local Currency)*

Country Foras

(US$)

*1. Advance to AFAAS*

*2. Advance to HI*

*3. Advance to CF*

*4. Documentation to HI*

*5. Documentation to AFAAS*

*6. WA for doc. and Advance*

*Disbursement arrangements*

1. Report-based disbursements. The initial disbursement by IDA for the project will be made after receiving a withdrawal application with a six months cash flow forecast from the project. These withdrawal applications should be prepared within one month after project effectiveness.
2. Thereafter, IDA disbursements will be made into the Designated Account based on quarterly Interim Financial Reports (IFRs) which would provide actual expenditure for the preceding quarter (three months) and cash flow projections for the next two quarters (six months).
3. Other methods. In addition, whenever needed, the direct payment method of disbursement, involving direct payments to suppliers for works, goods and services upon the recipient’s request, may also be used. The supporting documentation for direct payment should be records providing evidence for eligible expenditures (copies of receipt, supplier’s invoices, etc). Payments may also be made to a commercial bank for expenditures against pre-agreed special commitments using letters of credit. Reimbursements can also be made to the Designated Account. These payments will also be reported in quarterly IFRs. The IDA Disbursement Letter will provide more detail with regard to the disbursement methods to be used.

**External Audit.**

1. A firm of private qualified independent auditors will be appointed by the AFAAS Board to carry out the audit of the financial statements on an annual basis. The audit firm will also be recruited on the basis of terms of reference that meets the World Bank’s requirements relating to independence, qualifications, and experience. The TORs for the project have been agreed between AFAAS and the Bank.
2. The audit will be conducted in accordance with the International Standards on Auditing. The audited financial statements together with the auditor’s report and management letter covering identified internal control and accounting system weaknesses will be submitted to the Bank and other stakeholders no later than six month after the end of the fiscal year by AFAAS.
3. The audit reports for the last FY 2011 were unqualified. The management letter did not have major weaknesses or accountability issues that could affect this project’s implementation. The following audit reports will be monitored by the Bank’s Audit Reports Compliance System.

Table 3.3: Audit Compliance Table

|  |  |
| --- | --- |
| **Implementing Agency** | **Audit Due Date** |
| Project Specific Financial Statements and management letter to be submitted by AFAAS | 6 months after end of each fiscal year |

**Financial Management Action Plan**

1. Table 4 below shows the financial management action plan for the project.

Table 3.4: Financial Management Action Plan

|   | **Action** | **Date due by** | **Responsible** |
| --- | --- | --- | --- |
|  |  |  |  |
| 1. | Appoint External Auditor | 3 Months after effectiveness | AFAAS |
| 2 | Recruitment of Internal Auditor | 3 Months after effectiveness  | AFAAS |
| 3 | Recruitment of Manager Finance and Administration | June 30, 2014 | AFAAS |
| 4 | Subsidiary agreement template to be finalized and agreed with the Bank | 6 Months after effectiveness | AFAAS |

*Supervision Plan*

1. Financial Management supervision missions will be carried out twice a year at the AFAAS Secretariat and on-site visits based on the current Substantial residual risk rating of the project. Supervision will also include desk reviews such as the review of the IFRs and audit reports. In-depth reviews and forensic reviews may be done were deemed necessary. The FM supervision will be an integrated part of the project’s implementation reviews. A portion of the supervision budget will be allocated in order to increase the efficiency of controls and support to implementation. It is also envisioned that joint supervision missions with procurement staff to strengthen Bank control and support will be conducted. A review of the project expenditures will be carried out regularly (as part of the scope of each implementation review mission) to ensure that expenditures incurred under all project parts remain eligible for the MDTF funding.

*Conclusion of the assessment*

1. The overall conclusion of the assessment is that the financial management arrangements in place meet the Bank’s minimum requirements under OP/BP10.00, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by IDA. The overall Financial Management residual risk rating of the project is **Substantial**. An action plan has been documented above to show actions that need to be undertaken to improve on the financial management arrangements of the project.

***Procurement***

1. Procurement for the project will be carried out in accordance with the World Bank Guidelines: Procurement of Goods, Works, and Non Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, dated January 2011, and Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011.
2. The AFAAS Secretariat, located in Kampala, Uganda, will be responsible for conducting procurement under the project. AFAAS shall hire a Procurement Officer to be responsible for conducting procurement and the AFAAS manual provides for a Procurement and Awards Committee to be responsible for adjudication of contract awards and approval of key procurement stages. Procurement is to be conducted through ICB, shopping, and Direct Contracting while selection of consultants is to be carried out through ICS, CQS, QCBS, LCS, FBS and QBS.
3. Coordination and management activities of the CF, including procurement, will be handled by a Host Institution to be selected by the members of the CF. The Bank will undertake a procurement assessment of each selected Host Institution to assess the adequacy of the procurement arrangements, systems and controls, identify any risks and agree with the Host Institution to an action plan to mitigate the identified risks.
4. Furthermore, AFAAS shall in the future provide grants to sub-grantees to promote AAS innovation activities. The procedures for allocation of grants shall be elaborated in a Grants Award Guidelines to be prepared by AFAAS and approved by the Bank prior to the issuance of any such grants. In this regard some minor procurement shall be conducted by sub-grantees that will benefit from grants from AFAAS. Such procurement shall also follow the guidelines.

*Procurement Plan and Packages*

1. AFAAS has prepared a Procurement Plan for the first 18 months which has been reviewed by the Bank. The main procurements are selection of consultants to support strengthening of AAS at national and regional levels, conducting studies etc. These will be mainly individual consultants and some firms. The goods to be procured include motor vehicles and office equipment. The summary procurement plans are indicated below.

**Table 3.5: Goods and Non-Consulting Services**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Contract (Description)** | **Estimated Cost****($’000s)** | **Procurement Method** | **P-Q** | **Domestic****Preference****(yes/no)** | **Review by****Bank****(Prior/post)** | **Expected Bid Opening Date** |
| 1 | 1 vehicle - station wagon  | 60.00 | Shopping | No | No | Post | TBD |
| 2 | 3 desk computers and 10 laptops for Secretariat and CF use | 28.50 | Shopping | No | No | Prior | 30-Jun-13 |
| 3 | Layout, publishing and dissemination of AFAAS materials – symposia proceedings, quarterly newsletter, awareness materials, study reports | 56.14 | Shopping | No | No | Prior | 15-Jun-13 |

**Table 3.6: Consultancy Services**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No.** | **Description of Services** | **Estimated****Cost****($’000)** | **Selection Method** | **Review by Bank (Prior /Post)** | **Expected****Proposal****submission Date** |
| 1 | AAS stakeholder institutional analysis and proposal development in 8 countries (conducted by national individual consultants in the initial countries ) | 52.00 | IC | Post | 15-Jun-13 |
| 2 | Prepare guidelines for national level AAS actors for engagement in CAADP activities  | 8.00 | IC | Post | 15-Aug-13 |
| 3 | Consultancy to review guidelines on integrating AAS into the CAADP Processes  | 20.05 | IC | Post | 1-June-13 |
| 4 | Managing/ outsource the virtual social networking platform  | 31.00 | IC | Post | 1-June-13 |
| 5 | Undertake syntheses and strategic studies on topic issues, approaches and tools | 43.50 | IC | Post | 7-June-13 |
| 6 | M&E Consultancy | 22.00 | IC | Post | 1-June-13 |
| 7 | Legal advisory services fees  | 16.00 | IC | Post | 1-June-13 |
| 8 | Annual Financial Audit  | 20.75 | CQS | Prior | 15-June-13 |

*Procurement Risks and mitigation measures*

1. A procurement capacity assessment of AFAAS was conducted and the risk for procurement under the project is rated **Moderate**. The main risks for procurement arise from: (i) inexperience of AFAAS in conducting procurement; (ii) lack of opportunity to apply the approved procurement manual; The main mitigation measures that have been agreed with AFAAS are: (i) training of staff in procurement.

Table 3.7: Procurement Risk Table

| **Risk Factor** | **Risk** | **Mitigation Measure** | **Timing** |
| --- | --- | --- | --- |
| Accountability for Procurement Decisions in AFAAS | While clear system for accountability exists on paper, it is not fully applied in practice | Start following the Procurement Manual fully | Within 1 month from effectiveness |
| Internal Manuals and Clarity of the Procurement Process | Internal Manual currently not fully adhered to due to limited staff and little procurement | Conduct capacity building for staff and disseminate procurement manual with emphasis on understanding and application of procurement process | Within 2 months from effectiveness |
|  |  |  |  |
| Procurement Cycle Management | Inexperience of AFAAS procurement leading to delays and mis-procurement | AFAAS to use Procurement Consultant to conduct training to orient staff in procurement | Within 6 months from effectiveness |
|  |  |  |  |
| Independent Procurement Oversight | Insufficient oversight of procurement, lack of compliance with Bank fiduciary obligation, misprocurement due to absence of independent oversight | Ensure that Annual Audit Terms of Reference include appropriate coverage of procurement aspects to meet project requirements.  | Annually |

Table 3.8: Procurement Thresholds to be applied

| **Expenditure Category** | **Contract Value Threshold****(US$)** | **Procurement Method** | **Contracts Subject to Prior Review****(US$)** |
| --- | --- | --- | --- |
| 1. Works
 | * 1. US$ 100,000 and above
	2. Above US$ 100,00 and below US$ 200,000
	3. Below US$ 100,000
 | ICBCompetitive ShoppingShopping  | All contractsNoneNone |
| 1. Goods
 | * 1. US$ 100,000 and above
	2. Above US$ 50,000 and below 100,000
	3. Below US$ 50,000
 | ICBCompetitive Shopping[[24]](#footnote-24)Shopping | All contractsAs specified in PPNone |
| 1. Consulting Services[[25]](#footnote-25) and Training
 | * 1. With firms above US$ 200,000
	2. With individuals above US$ 100,000
	3. With firms up to US$ 200,000
	4. With Individuals up to US$ 100,000
 | Quality and Cost Based SelectionIndividualQualifications/OtherIndividual | All contractsAll ContractsNoneNone[[26]](#footnote-26) |
| 1. Non-consulting Services
 | * 1. US$100,000 and above
	2. Above US$50,000 and below US$ 100,000
	3. Below US$ 50,000
 | ICBCompetitive ShoppingShopping | All contractsAs specified in PPNone |
| 1. All types of contracts
 | All contracts | Sole source / direct contracting and terms of reference | As specified in PP[[27]](#footnote-27) |

1. The above notwithstanding, the first 3 contracts for selection of consultants irrespective of value shall be subject to prior review.

*Frequency of procurement supervision*

1. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the implementing agency recommends six-monthly supervision missions to visit the field, including at least one mission annually to carry out a post review of procurement actions.

**Environmental and Social (including safeguards)**

1. Social Safeguards. Implementation of the various activities under the MDTF is not expected to have any significant negative social impacts. Proposals for projects funding will not be allowed to involve land acquisition or resettlement. Given the importance of women in agriculture and poverty reduction, and recognizing the different needs of women and men, AFAAS will work to integrate gender issues in all of its activities, projects and policies. Moreover, AFAAS will systematically consider gender equality issues in policy development, the identification, formulation and implementation of its development projects; and in its administrative and financial management. In so doing, AFAAS will report on its progress towards integrating gender equality into its operations as a part of its regular reporting schedule.
2. Environmental Safeguards. The project has a Category C environmental classification and therefore there is no environmental issue to be addressed under the project. Furthermore, no Bank Safeguard policies are triggered by this project as it will not fund any category of civil works or the engineering designs or feasibility studies associated with any civil works, either for AFAAS or CF.

**Monitoring & Evaluation**

1. Monitoring *Outcomes/Results.* The operational responsibility for planning and coordinating M&E activities would rest with the AFAAS Secretariat, Planning, Monitoring and Evaluation Department. The Planning, Monitoring and Evaluation Manager and the Monitoring and Evaluation Officer will oversee this activity, and would utilize computerized project management techniques to monitor progress and to link with monitoring activities that will be carried out at regional, sub-regional and country levels. AFAAS will regularly monitor and report on the project’s physical and financial inputs and outputs. AFAAS will be assisted by an independent short-term M&E consultant to evaluate implementation progress and the performance of governing structures. The consultant will carry out outcome-focused impact evaluations of the project at three pre-defined milestones - baseline, mid-term and project completion. M&E mechanisms will emphasize stakeholder participation and will be designed to facilitate rapid identification of shortcomings and facilitate corrections, where necessary.
2. AFAAS will carry out a baseline survey that would be completed and the draft report prepared within six months of project effectiveness. AFAAS will also conduct a stakeholder workshop to review and refine the MDTF indicators and also develop the arrangements for M&E (including annual targets, data collection sources, responsibility and frequency) within the same timeframe. Country level implementation would be monitored with the help of CF and AFAAS would develop modalities for carrying out joint M&E activities. Information generated by AFAAS, CF, other partners and M&E consultants would be consolidated by the Secretariat and used to update the key performance indicators for the project (Annex 1).
3. The Secretariat will submit to the Bank six-monthly progress reports. These would include, inter alia: (a) up-to-date physical and financial expenditure data compared to annual and end-project targets; (b) updated indicators of project performance compared to annual and end-project targets; and (c) successes and problems encountered during the reporting period with suggested remedial actions.
4. In addition to the biannual implementation review that will be carried out by the World Bank Team, the project would be subjected to two major reviews to be carried out jointly by AFAAS and the Bank. The first would be the mid-term review (MTR) of the project (about 30 months after project effectiveness) and the second around the time of project completion. The first review would include an impact assessment of the project to date, but also focus on implementation processes and recommend adjustments. An analysis of the exit strategy and sustainability of the system will also be the focus of the assessment. The second major review would be a comprehensive overall impact assessment including quantitative and qualitative assessment of the progress against project development objectives.
5. Monitoring of outputs/activities and learning. The M&E of outputs and activities will be undertaken in a participatory manner with a view not only for the M&E results to inform management decision making but contribute to learning by stakeholders. At the outset of the project, AFAAS will contract a consultant to develop participatory M&E guidelines, tools and processes that will build on the Results Framework to spell out the outputs and activities that will be monitored and evaluated at the CF, regional and Secretariat levels. The consultant will also identify the capacity development needs and resource implications for implementing the M&E activities at all levels. One of the challenges for M&E will be ensuring timely collection and processing of data from the diverse locations and institutional environments in which implementation will be taking place. To minimize this problem, the M&E tools will, to the maximum extent possible, embed the use of modern information and communication technologies - including the use of mobile phones - for data collection, transmission and processing in such a way that M&E reports tailored for diverse stakeholders are available online in a timely manner. Many national AAS face the same challenge. Hence the positive lessons from AFAAS’ M&E approaches will be scaled up and out to national AAS M&E. AFAAS has already developed a Framework for Lesson Learning that has elements that will be used for lesson learning alongside the M&E processes.

Annex 4: Operational Risk Assessment Framework (ORAF)

African Forum for Agricultural Advisory Services (AFAAS) Second MDTF

**Stage: Appraisal**

**Stage: Appraisal**

|  |  |  |
| --- | --- | --- |
| 1. **Project Stakeholder Risks**
 |  **Rating** | **Low** |
| **Description:** Although creation of AFAAS was the initiative of a key group of African stakeholders, the view of a broader set of stakeholders continent-wide may not necessarily be fully aligned, and therefore support and participation limited. Furthermore, while there has been a high level of interest among stakeholders at every level, the extent to which this is translated into sustained ownership is untested.There is concern among farmers and development practitioners that AAS reforms are largely undertaken on a trial basis with short time horizons and inadequate funding. This project may lose government and donor support should this be the case, before results are seen. | **Risk Management:** The project is driven by AAS stakeholders in Africa. As awareness about the objective of the project and its activities increase across the continent, interest in and demand for the program has grown quickly and is likely to continue to do so given the widespread concern for improving the effectiveness of support for farmers at field-level. This is reflected in the CAADP investment plans at country level.  |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| **Risk Management:** AAS is recognized as a strategic component of a new rural development institutional framework, namely CAADP, which is rooted in the AU/NPCA vision. CAADP country compacts and investment plans will be developed and implemented to ensure sustained commitment at all levels. Moreover, AFAAS collaborates and coordinates with CAADP implementing institutions that report to Head of States and governments and has regular fora at the Ministerial level where issues of commitment and implementation will be addressed. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| **3.2 Sector Risk** | **Rating:** | **Low** |
| **Description:** Due to the complexity of African farming systems there is a risk of limited flow of information to inform the development of appropriate technologies. | AFAAS will ensure an integrated approach where farmer organizations will partner with research, extension and education institutions in a participatory system that will link knowledge, innovation, research, education and advice. |
| **Resp: WB/AFAAS**  | **Stage: Implementation** | **Due Date: June 2013** | **Status: not due** |
| 1. **Implementing Agency Risks (including fiduciary)**
 |
| * 1. **Capacity**
 | **Rating:**   | **Low** |
| **Description:** *Human Resources.* Delay in the recruitment of Secretariat staff; excessive work load on staff as a result of continent-wide responsibilities may affect effectiveness of the institution. The Forum does not have a manager finance and administration and internal auditor. *Processes and systems.* Newly recruited administration, finance and procurement staff may not be familiar with the existing systems and processes, and also with donor requirements.The FM systems of the host institutions and CFs and associated risks are not known. | **Risk Management:** Recruitment of various positions is based on priority and availability of funding. Recruitment will therefore be fast-tracked as funding becomes available. In the meantime, critical positions may be supported by short-term consultancies. AFAAS will also be able to utilize backstopping support from both FARA and the World Bank – in addition to the Bank’s usual implementation support.The manager finance and administration will be recruited by June 30, 2014 while the internal auditor will be recruited within 3 months after effectiveness. |
| **Resp: AFAAS**  | **Stage: Implementation**  | **Due Date: Ongoing** | **Status: not due** |
| **Risk Management:** Experienced staff will be recruited and proper orientation and training provided; appropriate technologies acquired to overcome some of the challenges in these areas. Operational staff will be backstopped by FARA, if necessary.There will be criteria for selecting host institutions that should include mandatory requirements of having a qualified experienced accountant to account for project funds and acceptable accounting policies and procedures. Other FM arrangements to be included will be in the subsidiary agreement with the host institutions and CFs. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: not due** |
| * 1. **Governance**
 | **Rating:**  | **Low** |
| **Description: Potential** decline in the commitment to the results of AFAAS at the Secretariat and Board level; weakness in the Governance structure of AFAAS observed. | **Risk Management:** The design of the project benefited from active participation of the Secretariat, and both the results and outputs of project activities are substantially articulated by the Secretariat (IA). The Secretariat will be responsible to monitor implementation and suggest adjustments to ensure that the objectives of the project are met. The Bank Team will monitor situations on the ground and will inform the Board, CAADP Lead Institutions and the AU, as the case may be, to ensure commitment, ownership, and adequacy of leadership in implementation. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| **Fraud & Corruption (sub-category of Governance risk)**Remove Risk Description and Rating when the PAD is (i) sent to the client for negotiation Risk management measures below to be merged with those in 3.2 above.  | **Rating:** | **Low** |
| **Description:** Fraud and corruption within AFAAS may manifest itself, mainly due to weak internal systems and controls.  | **Risk Management:** AFAAS will hire experienced administrative and financial management staff and will involve external auditors acceptable to the Bank. Qualified procurement officer will be recruited. The Bank team will provide ongoing implementation support, including a comprehensive review of procurement processes where fraud and corruption tend to occur mostly. |
| **Resp: WB/AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Not due** |
| 1. **Project Risks**
 |  |
| * 1. **Design**
 | **Rating:** | **Moderate** |
| **Description:** *Technical complexity*. There is no one single approach or strategy for AAS provision. The approach taken by AFAAS has been well-tested at a local level, but less so at national level. Depending on the circumstances, different countries may require different approaches. Therefore customizing service delivery to unique circumstances of each country is complex and could be a challenge for AFAAS.*Implementation arrangement complexity*. In most counties, association of AAS providers does not exist. Therefore, initially the focus will be in organizing these associations and in the creation of CF. Therefore, most interventions will be designed after the organization of the AAS and the establishment of CF. The length of time required to create these actors will vary from country to country and this could delay the design and implementation of interventions at the AAS level.  | **Risk Management:** AFAAS will document country experiences and share with those FCs and AASs that are in the process of designing interventions for information and technology transfer. Training in different technical aspects of AAS innovations will be provided by AFAAS. AFAAS will also support learning across countries and continents in order to familiarize the African community of practice in AAS with the variety of circumstances that may occur and with lessons learned from past attempts to try to deal with these circumstances. AFAAS will focus on establishing/strengthening country fora as the best means for ascertaining the country context. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| **Risk Management:** AFAAS will prioritize its intervention by taking into account a country’s readiness to participate in the project. For those that don’t meet the readiness criteria, special activities aimed at strengthening AAS associations and forming CF will be implemented. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| * 1. **Social & Environmental**
 | **Rating:** | **N/A** |
| **Description:** No Bank Safeguard policies are triggered by this project. | **Risk Management: N/A** |
| **Resp: N/A**  | **Stage: N/A**  | **Due Date: N/A**  | **Status: N/A**  |
| * 1. **Program & Donor**
 | **Rating:** | **Substantial** |
| **Description:** *Project dependencies*: Availability of additional financial resources over and above the current EC contribution to the project is critical to implement AFAAS strategic plan. In the absence of timely commitment of donors to support the strategic plan of AFAAS in full, the project runs the risk of not meeting its development objectives. | **Risk Management:** A number of development partners have shown interest to supporting AFAAS, namely, CIDA, IFAD, SDC, USAID, Bill and Melinda Gates Foundation. AFAAS will establish a Development Partner Group which will provide a platform for coordination among development partners interested in supporting AFAAS project and activities. The overall objective of the Group will be to increase the effectiveness of development efforts to support AFAAS in implementing its strategic plan and to mobilize resources. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| * 1. **Delivery Monitoring & Sustainability**
 | **Rating:** | **Moderate** |
| **Description:** *Project Delivery*. The existing staff complement in AFAAS may not be adequate to follow up continent-wide delivery of the project, if the formation of CF is delayed in many countries *Sustainability*. Lack of ownership and shortage of funds could have negative impact on the project.*Measurability*. Monitoring and evaluation system not adequate to assist management to assess implementation of activities | **Risk Management:** Project provides for full institutional capacity building of CFs and AAS providers, and has systems developed to ensure these country level institutions monitor project delivery. The staffing level and skill mix at AFAAS level has been set to ensure delivery of project results. Both staffing levels and skill mixes will be regularly reviewed and adjusted. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| **Risk Management:** AFAAS is an international organization with a Board and General Assembly taking full care of ownership and representing its constituencies. AFAAS will operate through existing institutions, networks and partners which are funded already. Requested funding will be used to facilitate the establishment and maintenance of CF, enabling the CF to tap into resources of national development project, facilitating networking and knowledge management. |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| **Risk Management:** AFAAS will put the monitoring and Evaluation system in place in the first six months of grant effectiveness |
| **Resp: AFAAS**  | **Stage: Implementation** | **Due Date: Ongoing** | **Status: Not due** |
| * 1. **Other**
 | **Resp: AFAAS**  | **Stage: Implementation** |

Annex 5: Implementation Support Plan

African Forum for Agricultural Advisory Services (AFAAS) Second MDTF

**Strategy and approach for implementation support**

1. The detailed Implementation Support Plan (ISP) ensures timely and effective implementation of the AFAAS MDTF. The aim is to ensure that implementation support activities provide effective protection against the MDTF’s key risks and increase the likelihood of achieving the expected results.
2. The ISP focuses on the key implementation risks identified in the ORAF (see Annex 4) and describes strategies and actions designed to mitigate those risks. The ISP also includes a detailed schedule summarizing the planned MDTF implementation support missions and indicating the level of effort and resource commitment provided by the MDTF that will be needed to ensure successful implementation of the grant.

**Implementation strategy (IS)**

1. The proposed IS approach entails close monitoring of the MDTF’s technical design, implementation aspects, M&E, and fiduciary issues.
2. **Technical design:** A key risk identified in the design of the MDTF is the complexity involved in customizing service delivery to each country context. The Bank task team will include extension specialists, agronomists and agriculture economists. The associated risks identified in the ORAF will be closely monitored by the Bank task team as part of the MDTF implementation support missions.
3. **Implementation:** Capacity constraints such as limited/ineffective associations of AAS providers at national level may constrain AFAAS’ ability to effectively respond to demands. To mitigate possible institutional capacity constraints, special attention and support will be given to AFAAS CF establishment activities.
4. **Supervision and MTR.**To ensure that grant resources are being used effectively in pursuit of the PDO, the World Bank (as administrator of the MDTF) will undertake biannual implementation support missions. In addition, a mid-term review (MTR) is envisaged over the five-year implementation period.
5. **M&E:** The World Bank will monitor progress of M&E activities by carrying out biannual implementation support missions during which the performance indicators in the results framework will be reviewed to ensure completeness and accuracy of the grant’s performance.
6. **Environmental and social safeguards:** The MDTF will not finance agricultural activities and is classified as a Category C operation. No safeguard policies will be triggered as the MDTF risks are assessed as low or negligible.
7. **Procurement**: A procurement capacity assessment of AFAAS was carried out and the risk was assessed as Moderate. The assessment identified a need to strengthen the procurement capacity in AFAAS, conduct staff training and start using the approved Procurement Manual. AFAAS procurement is not expected to be complex or large. Nevertheless, the AFAAS Secretariat is in close proximity to the World Bank Uganda Country Office and AFAAS staff are already in regular contact with the relevant local Bank procurement team. Procurement will be reviewed as part of the biannual implementation support missions and post procurement reviews will be conducted annually. Procurement-related recommendations will be discussed with AFAAS and the Bank team will follow up in between missions, particularly with respect to recommendations that would require approval of AFAAS’ Board.
8. **Financial management (FM):** Capacity assessment of AFAAS was assessed as Moderate. The proposed project will be implemented by AFAAS using the existing financial management arrangements which are expected to be strengthened with the recruitment of a Manager for Finance and Administration in 2014, if full funding is attained. FM supervision will be done once a year at the AFAAS Secretariat and on-site visits based on the current Moderate residual risk rating of the project. Supervision will also include desk reviews such as the review of the IFRs and audit reports. In-depth reviews and forensic reviews may be done were deemed necessary. The FM supervision will be an integrated part of the project’s implementation support visits. A review of the project expenditures will be carried out regularly (as part of the scope of each implementation support mission) to ensure that expenditures incurred under the project remain eligible for the MDTF funding.

**Table 5.1: Main focus of support to AFAAS during MDTF implementation**

| **Time** | **Focus** | **Skills Needed** | **Resource Estimate** | **Partner Role** |
| --- | --- | --- | --- | --- |
| First 12 months | MDTF effective and operationalFirst withdrawal from Designated accountRecruit technical CAADP and FM staffProvide training and capacity building, including fiduciary trainingM&E system established and operational Initiate procurement activitiesBiannual implementation support visitsParticipate in biannual and extraordinary meetings of the AFAAS Board | Lead Agricultural Services Specialist (TTL)Lead Agricultural ConsultantSenior Agricultural SpecialistSenior Operations OfficerSenior Finance OfficerFinancial Management Specialist Procurement SpecialistRegional Lawyer | $205,000 per year |  |
|  |
|  |
|  |
| 12-48 months | Bi-annual implementation support visitsParticipate in biannual and extraordinary meetings of the AFAAS BoardMTR carried out | Lead Agricultural Services Specialist (TTL)Lead Agricultural ConsultantSenior Agricultural SpecialistSenior Operations OfficerSenior Finance OfficerFinancial Management Specialist Procurement SpecialistRegional Lawyer | $211,000 per year |  |

**Table 5.2: Skills mix required**

|  |  |  |  |
| --- | --- | --- | --- |
| **Skills Needed** | **Number of Staff Weeks (SWs)** | **Number of Trips (annually)** | **Comments** |
| Lead Agricultural Services Specialist (TTL) | 10 | 4\* | Washington-based |
| Lead Agricultural Consultant | 5 | 1 | Washington-based |
| Senior Agricultural Specialist | 5 | 1 | Washington-based |
| Senior Operations Officer | 10 | 2 | Washington-based |
| Financial Management Specialist | 1 - 2 | 2 | Country Office-based |
| Procurement Specialist | 1 - 2 | 2 | Country Office-based |
| Regional Lawyer | 0.5 | 0 | Washington-based |
| Senior Finance Officer | 1 | 0 | Washington-based |
| Program Assistant | 2 | 0 | Washington-based |

\*Trips will be combined with other missions to minimize cost.

1. The project will support the consolidation of existing Country Fora (CF) and support the emergence of new ones. AFAAS will support already-established CF to develop and implement their strategic plans. It will engage new countries with expressed interest to establish CF and provide similar technical support and guidance. For these countries, AFAAS will develop criteria and procedures for identifying activities for implementation by CF with AFAAS support. [↑](#footnote-ref-1)
2. AAS in this context broadly implies Agricultural Extension and Advisory Services (AEAS). [↑](#footnote-ref-2)
3. As continental lead, coverage includes Sub-Saharan African and North Africa. [↑](#footnote-ref-3)
4. The sub-regional organizations are Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA), Conseil Ouest et Centre Africain pour la Recherche et la Développement Agricole/West and Central African Council for Agricultural Research and Development (CORAF/WECARD) and Center for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA). [↑](#footnote-ref-4)
5. Tertiary Education for Agriculture Mechanism for Africa (TEAM-Africa) Initiative. [↑](#footnote-ref-5)
6. Framework for African Agricultural Productivity (FAAP). [↑](#footnote-ref-6)
7. FARA was the official recipient of the grant and AFAAS was the beneficiary. Funds were sub-granted from FARA to AFAAS. [↑](#footnote-ref-7)
8. The second pillar is “Vulnerability and Resilience”. [↑](#footnote-ref-8)
9. AFAAS’ membership includes North African and Sub-Saharan African countries. Existing Country Fora include Benin, Malawi, Tanzania, Kenya, Uganda and Sierra Leone and they will be amongst the initial countries to be supported. [↑](#footnote-ref-9)
10. This includes farmer organizations, non-government organizations, higher education institutions, information/ knowledge management organizations, continental advocacy organizations, and the private sector [↑](#footnote-ref-10)
11. A Thematic Working Group is a community of practice made up of practitioners in the area of AAS. [↑](#footnote-ref-11)
12. A frequently cited meta-analysis carried out by the International Food Policy Research Institute (IFPRI) covering 293 studies on agricultural R&D published between 1953 and 1997 found returns to agricultural research and development programs to have been particularly high (see Alston et al., 2000, “A Meta-Analysis of Rates of Return to Agricultural R&D,” Research Report 113, IFPRI, Washington, DC). A more recent update of the earlier literature surveys and meta-analyses reviewed the results of nearly 1,500 studies of the rates of return to agricultural R&D programs and also found consistently very high rates of return across many types of programs – these findings can be found in Alston, J. (2010), “The Benefits from Agricultural Research and Development, Innovation, and Productivity Growth”, *OECD Food, Agriculture and Fisheries Papers*, No. 31, OECD Publishing. (http://dx.doi.org/10.1787/5km91nfsnkwg-en). [↑](#footnote-ref-12)
13. Agricultural GDP for the continent is roughly US$320 billion (FAOSTATS-Agriculture). [↑](#footnote-ref-13)
14. Recent estimates suggest that there are some 33 million small-holder farms on the continent (see *Small Farms: Current Status and Key Trends, an Information Brief*. Nagayets, Oksana. Information Brief prepared for The Future of Small Farms Research Workshop, Wye College, June 26-29, 2005.). Note that AFAAS would likely have a positive impact on productivity and profitability on larger holdings as well – so the figure cited above overstates the impact needed on small farm incomes to justify expenditures on AFAAS. [↑](#footnote-ref-14)
15. The Neuchâtel Initiative was a mostly Europe-based consortium of development practitioners that developed a widely-accepted and widely-used series of best-practice frameworks documents on the various aspects of program design for agricultural advisory services (many of these publications may be accessed at http://www.agridea-international.ch/?id=526). The Neuchâtel Initiative has evolved into the Global Forum for Rural Advisory Services (GFRAS) which has continued to support the development of such agreed approaches to agricultural development programs. [↑](#footnote-ref-15)
16. Surveys will be conducted to measure satisfaction with the reforms. [↑](#footnote-ref-16)
17. To be verified by World Bank supervision missions. [↑](#footnote-ref-17)
18. Surveys will be conducted to measure satisfaction with the reforms. [↑](#footnote-ref-18)
19. AFAAS’ membership includes North African and Sub-Saharan African countries. Existing Country Fora include Benin, Malawi, Tanzania, Kenya, Uganda and Sierra Leone and they will be amongst the initial countries to be supported. [↑](#footnote-ref-19)
20. The guidelines that will be developed in Activity 1 are for external facilitation of country processes. [↑](#footnote-ref-20)
21. This includes farmer organizations, non-government organizations, higher education institutions, information/ knowledge management organizations, continental advocacy organizations, and the private sector. [↑](#footnote-ref-21)
22. Operational costs include expenditures incurred by AFAAS for the implementation of the activities under the four components (office supplies, office maintenance, office equipment maintenance, communication and insurance, office administration, utilities, vehicle operation, travel, and per diem allowances of AFAAS staff when travelling for official duty). [↑](#footnote-ref-22)
23. A possible exception is agricultural education, for which IFPRI provides information on these kinds of questions. [↑](#footnote-ref-23)
24. Shopping following advertising in newspaper of wide national circulation [↑](#footnote-ref-24)
25. A shortlist of consultants for services estimated to cost less than US$ 200,000 equivalent per contract may consist entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. [↑](#footnote-ref-25)
26. Except for project staff financed by the project [↑](#footnote-ref-26)
27. Consultancy services estimated to cost below US$ 5,000 equivalent will not be subject to prior review by the Bank subject to their inclusion in the agreed Procurement Plan. [↑](#footnote-ref-27)