

AFRICAN DEVELOPMENT BANK GROUP



THE AFRICAN FOOD CRISIS REPSONSE (AFCR)

This document contains addenda and/or corrigenda.

7 July 2008

TABLE OF CONTENTS

List of Acronyms, The AFCR Logframe, and the Executive Summary	(iii – xi)
1. INTRODUCTION:	1
2. BANK’S SHORT TERM RESPONSE TO THE INCREASE IN FOOD PRICES	2
2.1 OVERVIEW	2
2.2 REALIGNMENT OF THE EXISTING AGRICULTURE PORTFOLIO	3
2.3 USE OF BUDGET SUPPORT INSTRUMENT	4
2.4 INCREASED RICE PRODUCTION IN THE SHORT TERM	5
2.5 ACCELERATED ALLOCATION FROM THE SURPLUS ACCOUNT	6
3. MEDIUM TO LONG TERM RESPONSES: SCALING-UP SELECTIVE INVESTMENTS FOR SUSTAINABLE AGRICULTURAL GROWTH	8
3.1 GUIDING PRINCIPLES	8
3.2 RURAL INFRASTRUCTURE FOR SUSTAINABLE AGRICULTURE DEVELOPMENT	8
3.2.1 <i>Water Resources Management for Agriculture</i>	8
3.2.2 <i>Reduction Of Post-Harvest Losses</i>	9
3.3 INCREASED RICE SELF-SUFFICIENCY IN AFRICA IN THE MEDIUM TO LONG TERM	10
3.4 CAPACITY BUILDING AND POLICY ADVICE FOR AGRICULTURAL GOVERNANCE AND TRADE	10
3.5 STIMULATING INVESTMENTS THROUGH THE PRIVATE SECTOR AND PUBLIC/ PRIVATE PARTNERSHIPS ...	12
3.6 OPERATIONALISING THE AFRICAN FERTILISER FINANCING MECHANISM (AFFM)	12
3.7 AGRICULTURE RESEARCH, SCIENCE AND TECHNOLOGY	13
3.8 CRISIS RESPONSE FACILITY (CRF).....	14
4. PARTNERS’ RESPONSE AND COORDINATION	15
5. IMPLEMENTATION ARRANGEMENTS, RISK MITIGATION AND MONITORING AND EVALUATION	16
5.1 IMPLEMENTATION ARRANGEMENTS.....	16
5.2 CRITICAL RISKS AND MITIGATION MEASURES	17
5.3 MONITORING AND EVALUATION	17
6. CONCLUSIONS AND RECOMMENDATIONS.....	17

Annex 1: Flexibility in Procurement Arrangements

Annex 2: Vulnerability Assessment and Methodology

Annex 3: Examples from the Private Sector Projects Pipeline

Annex 4: List of participating institutions at the meeting of MDBs Taskforce

Members of the Working Group	Ms. Zeinab El Bakri, Vice President, OSVP; Mr. A. Abou Sabaa, Director, OSAN; Ms. D. Gaye, Director OREB; Ms. Sunita Pitamber, Lead Expert, OSVP; Mr. M. L. Ennahli, Res. Rep., Mali; Mr. S. Jallow, Manager, OWAS.2; Mr. Ghazi BenAhmed, Lead Expert ONRI; Mr. Abdul Kamara, Manager ECON; Ms. Omobola Hollist, Manager FFCO 3; Ms. Cecilia Akintomide, Manager GECL 1; Mr. Alassane Ba, Manager OPSM; Ms. Josephine Mwangi, ORPC; Mr. Detlev Puetz, OPEV; Mr. Ernest Teetey, OPSM; Ms. T. Ngororano, OSGE; Mr. Racine Kane, ORWA; Ms. Kenia Parsons, CRMU; Ms. Emelly Mutambetsere, OPEV.
-------------------------------------	---

LIST OF ACRONYMS

ADB	African Development Bank
AFCR	Africa Food Crisis Response
AFFM	African Fertiliser Financing Mechanism
A&FS	Agriculture and Food Security
AGRA	Alliance for a Green Revolution in Africa
AMCOW	African Ministers Council on Water
AMTA	Agriculture Management Training for Africa
ASARECA	The Association for Strengthening Agriculture Research in Eastern and Central Africa
CAADP	Comprehensive African Agriculture Development Programme
CARD	Coalition for African Rice Development
CRF	Crisis Response Facility
CORAF/ WECARD	Conseil Ouest et Centre Africain pour la recherche et le developpement Agricole/ West and Central African Council for Agricultural Research and Development
ESF	Exogenous Shock Facility
FAAP	Framework for African Agriculture Productivity
FAO	Food and Agriculture Organisation
FARA	Forum for Agriculture Research in Africa
FEWSNET	Famine Early Warning Systems Network
FSF	Fragile States Facility
GBp	Global Bioenergy Partnership
GDP	Gross Domestic Product
GHG	Green House Gas
IFAD	International Fund for Agriculture Development
IFPR	International Food Policy Research Institute
IPCC	Inter-governmental Panel on Climate Change
JICA	Japan International Cooperation Agency
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MDG-TG	Millennium Development Goals Thematic Group
NERICA	New Rice for Africa
ODA	Overseas Development Agency
OINF	Infrastructure Department
OSAN	Agriculture and Natural Resources Management Department
OSHD	Social and Human Development Department
OWAS	Water Supply and Sanitation Department
PPP	Public Private Partnership
RECs	Regional Economic Communities
RFPF	Regional Fertiliser Procurement Facility
RMCs	Regional Member Countries
SADC/ FANR	Southern African Development Community/ Food, Agriculture, and Natural Resources
SRF	Special Relief Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
USD	United States Dollar
WARDA	Africa Rice Centre
WFP	World Food Programme
WHO	World Health Organisation

THE AFRICA FOOD CRISIS RESPONSE LOGFRAME

OBJECTIVES	EXPECTED RESULTS & LONG-TERM IMPACT	REACH (BENEFICIARIES)	PERFORMANCE INDICATORS (MEANS OF VERIFICATION)	BANK'S INDICATIVE TARGETS & TIMEFRAME	ASSUMPTIONS AND RISKS / BANK MITIGATION MEASURES
<p>STRATEGIC GOALS</p> <p><u>1. To ensure growth and sustainable food security in the medium to longer term</u></p> <p><u>2. To reduce the risk to RMCs of increased poverty in the short- and medium term</u></p> <p><u>3. To ensure RMC's ability to meet the MDGs</u></p>	<p>LONG-TERM IMPACT</p> <ul style="list-style-type: none"> • <u>Growth and food security improved in RMCs</u> • <u>Significant progress on MDGs</u> 	<p>Beneficiaries</p> <ul style="list-style-type: none"> • Population of the targeted countries 	<p>Indicators</p> <ul style="list-style-type: none"> ▪ GNP growth in selected countries ▪ Food security indicators ▪ MDG indicators <p>Source of data International development partners and Bank's annual reports on ... (IMF, World Bank, UNDP, OECD-DAC, Annual Country Portfolio Performance Review, Country OECD-DAC, AUC)</p>		<p>Assumptions:</p> <ol style="list-style-type: none"> 1. Bank quickly develops its internal institutional capacity for responding to food crisis 2. Bank establishes strong strategic partnership arrangements with other multilateral and bilateral development institutions and non-sovereign actors.
<p>STRATEGIC OBJECTIVES</p> <p><u>1. To reduce vulnerability of the poor to high and unstable food prices</u></p> <p><u>2. To ensure that smallholder farmers in RMCs can take advantage of favourable price environment for agriculture production</u></p> <p><u>3. To support macroeconomic policy frameworks in order to ensure an enabling environment for private sector participation and civil society engagement</u></p>	<p>RESULTS AND OUTCOMES</p> <ul style="list-style-type: none"> • <u>Adequate and stable food prices</u> • <u>Food access by the poor</u> • <u>Farmers enhance local production, for own consumption and markets</u> • <u>Private sector participation in agro-industry</u> • <u>Civil society engagement in sustainable agriculture growth</u> 	<p>Beneficiaries</p> <ul style="list-style-type: none"> • Poor and other vulnerable groups in affected countries (net-food consumers) • Farmers – in particularly smallholders 	<p>Indicators</p> <ul style="list-style-type: none"> ▪ National Budget allocations to agriculture ▪ Food production <p>Source of data: FAO</p> <ul style="list-style-type: none"> ▪ Private sector investments in agro-industry ▪ Percentage of FDI to agro-industry ▪ Number of functional farmer associations 	<ul style="list-style-type: none"> - 10% of RMC budget allocated to agriculture development by 2012; 	<p>Risks:</p> <ol style="list-style-type: none"> 1. Instruments, mechanisms, and strategies for rapid response may not be adequate 2. Long time required to achieve medium- to long-term actions; strategies may not be adequate 3. Inappropriate response for specific country circumstances 4. Slippages in short-term response because of weak institutional capacity 5. Difficulties that the Bank might encounter in working with other organizations

<u>INPUTS AND PROGRAM ACTIVITIES</u>	<u>SHORT-TERM RESULTS, OUTPUTS AND OUTCOMES</u>	<u>Primary Beneficiaries</u>	<u>Indicators</u>	<u>Indicative Targets</u>	<u>Mitigating Measures:</u>
<u>Short-term actions</u> 1. Enhance availability of agricultural inputs at farm level through realigning parts of ongoing portfolio	<ul style="list-style-type: none"> - Farmers received incremental inputs, on time, and at affordable prices - Farmers increased production 	<ul style="list-style-type: none"> - Smallholder Farmers in targeted countries - Women and other vulnerable groups 	<ul style="list-style-type: none"> ▪ Additional food produced ▪ Percentage of women 	<ul style="list-style-type: none"> - 1.2 million metric tonnes (MT) of cereals, - 0.013 million MT of beans and legumes; - 0.04 million MT of oil nuts; - 0.03 million MT of tubers; - 0.24 million MT of vegetables; and - 0.07 million MT of fruits. - Women farmers constitute 50% of beneficiaries 	<ul style="list-style-type: none"> 1. Bank monitors closely and collaborates with country authorities and development partners to manage food crisis. 2. Strengthening internal capacity of the Bank to respond (eg. working knowledge capture and sharing, short-term consultants etc.) 3. Developing and deploying financial and programming instruments suitable to the special needs of the food crisis. 4. Development of speedy and strong business practices and procedures for fast (re)allocation of funds and disbursement; 5. Development of a clear country typology of exposure to crisis and food price risks 6. Ensure government policies are designed to sustainably face the crisis without compromising macro-economic frameworks 7. Increased and effective field presence of special experts in the most affected countries (Country Offices). 8. Sharing experiences (positive and negative) with other development partners of what works and what does not. 9. Solid reference to past lessons learnt 10. Strong linkage with CAADP
2. Budget and balance of payments support to cover short-term import needs of food or agriculture inputs	<ul style="list-style-type: none"> - Food prices stabilized - Balance-of-Payments maintained 	<ul style="list-style-type: none"> - 12 targeted countries with high and medium vulnerability 	<ul style="list-style-type: none"> ▪ Cereal prices ▪ Balance-of-payments 	<ul style="list-style-type: none"> - Increase of year on year for cereal prices at RMC level less than 30%; - No BOP deterioration from previous year 	
3. Increased rice production in the short-term	<ul style="list-style-type: none"> - Nerica Rice production supported and expanded 	<ul style="list-style-type: none"> - 33,000 farmers in 7 West-African countries, - Women farmers 	<ul style="list-style-type: none"> ▪ NERICA rice production expanded ▪ NERICA seed production expanded 	<ul style="list-style-type: none"> - Incremental production of 600,000 mt of NERICA rice by 2009 - Incremental seed production of 54,135 mt of NERICA - 50% of beneficiaries of improved seeds are women 	
4. Special allocation from the surplus account	<ul style="list-style-type: none"> - Food prices stabilized and access to food increased, through budget support, food aid and input provision 	<ul style="list-style-type: none"> - 5 Fragile States - RMCs not sufficiently reached with short-term action # 1 (Realigned Agric. Portfolio) - Majority women farmers 	<ul style="list-style-type: none"> ▪ Access to inputs ▪ Percentage of women 	<ul style="list-style-type: none"> - Increased access to inputs by 60% in selected RMCs by 2009; - At least 50% women farmers 	
<u>Medium to long-term actions</u>					
1. Expand rural infrastructure investments for sustainable development					
(1) Expand Bank support to 'Water for Agriculture'	<ul style="list-style-type: none"> - Increased water storage capacity through optimization of existing facilities and construction of new facilities 	<ul style="list-style-type: none"> - Smallholder farmers in targeted countries, with special emphasis on women farmers 	<ul style="list-style-type: none"> ▪ Water storage capacity (cubic meters) 	<ul style="list-style-type: none"> - 8.5 billion cubic meters of incremental water storage capacity established by 2010 	

<p>(2) Reduce post-harvest losses and expand agro-processing</p>	<ul style="list-style-type: none"> - Improved post-harvest infrastructure (incl. feeder roads, market development and storage, and agro-processing at intermediate levels) - Women targeted with provision of inputs and materials for small processing equipment - Human capacity in post-harvest and food technology strengthened through vocational training 	<ul style="list-style-type: none"> - Smallholder farmers in targeted countries, with special emphasis on women farmers 	<ul style="list-style-type: none"> ▪ Reduction in post-harvest losses on the continent 	<ul style="list-style-type: none"> - 22,100 kms of feeder roads to be rehabilitated/ constructed; - 820 market facilities constructed/ rehabilitated; - 5,412 storage facilities constructed/ rehabilitated. - 0.5% per year reduction in post harvest loss 	
<p>2. Operationalising the African Fertilizer Financing Mechanism</p>	<ul style="list-style-type: none"> - Regional Fertilizer Procurement Facility established by end of 2008 - Technical support provided to four key fertilizer operations (plants and warehouses in Algeria, Tunisia, and Mozambique) - Fertilizer production capacity enhanced through PPPs in selected RMCs, and supply improved in other RMCs - Private and public investments in African fertilizer production mobilized <p>Outcome: Fertilizer use by farmers enhanced</p>	<ul style="list-style-type: none"> - <u>RMCs with comparative advantages in fertilizer production and handling</u> - <u>Farmers, incl. women farmers, in all RMCs</u> 	<ul style="list-style-type: none"> ▪ Supply of fertilizers in RMCs ▪ Share of fertilizers produced in RMCs ▪ Fertilizer utilization by farmers 	<ul style="list-style-type: none"> - Year-on-year access to fertilisers by farmers increased by 2% - Women farmers constitute at least 50% of beneficiaries 	
<p>3. Increasing rice self-sufficiency in Africa in the medium to long-term</p>	<ul style="list-style-type: none"> - Large demonstration centres for NERIC rice production established in West-and Central Africa - WARDA supported for continued research - NARIs supported for production of foundation seed - Small and medium-scale water management schemes enhanced - Farm production of rice improved - Small-scale rice processing improved - Farmers' linkages with rice markets improved 	<ul style="list-style-type: none"> - Smallholder farmers in targeted countries (initially 7) - Women farmers in particular 	<ul style="list-style-type: none"> ▪ Large demonstration centres established ▪ Foundation seed produced ▪ Incremental paddy produced 	<ul style="list-style-type: none"> - 10 large demonstration centres established - 70,000 mt foundation seed produced - 3.5 million mt. incremental paddy produced 	

4. Stimulate private sector investments and public private partnerships in agriculture	<ul style="list-style-type: none"> - Long-term financing and lines of credit provided to local banks for on-lending to agricultural producers - Strategic partners with proven track record in large agriculture projects with out-grower schemes supported - Public-private partnerships to stimulate agric. and rural infrastructure established - Private equity funds promoted - Fertilizer projects actively supported (eg Tunisia, Nigeria, Senegal, Congo B. and Algeria) 	<ul style="list-style-type: none"> - <u>Private investors in agriculture</u> - <u>Smallholder farmers (out-growers), incl. at least 50% women farmers</u> 	<ul style="list-style-type: none"> ▪ Private sector investments in agriculture in RMCs ▪ Number of outgrower schemes supported 	<ul style="list-style-type: none"> - 2 equity funds for agriculture development established by 2011 - At least 50% of beneficiary are women in agriculture related SMEs 	
5. Capacity building and policy advice for agricultural governance and trade					
(1) Enhance governance through capacity building of Ministries of Agriculture	<ul style="list-style-type: none"> - Scaled-up Bank training programme based on existing AMTA package - Training of trainers 	<ul style="list-style-type: none"> - <u>Officials in Ministries of Agriculture in RMCs, at all levels (incl. decentralized units)</u> - <u>Women officials in particular</u> 	<ul style="list-style-type: none"> ▪ Number of training sessions performed by AMTA 	<ul style="list-style-type: none"> - 20 training sessions by 2010 	
(2) Promote policy dialogue and advice (long-term) and regional actions	<ul style="list-style-type: none"> - Increased percentage of national RMC budgets invested for development of agriculture (Maputo 10% target) - Enhanced support provided for RECs and SROs to respond to food crisis - Remaining trade barriers for food removed - Intra-continental production and trade of agricultural inputs enhanced - Adaptive agriculture research improved - Continental 'Trade-Portal' established 		<ul style="list-style-type: none"> ▪ Share of agriculture investment in national budgets in RMCs 	<ul style="list-style-type: none"> - 1.5% per year increase in share of RMC agriculture in national budgets 	
6. Agriculture research and knowledge products					
(1) Promote African science, technology development, and agricultural research (STAR)	<ul style="list-style-type: none"> - Strengthened national institutions for higher learning and research in agriculture - Sub-regional and regional technology institutions increasingly supported - Bio-technology networks developed - Public-private partnerships in STAR improved 	<ul style="list-style-type: none"> - Institutions of higher learning - Agricultural technology research institutions 	<ul style="list-style-type: none"> ▪ Centers of excellence in agricultural technology developed or supported ▪ New technologies developed and disseminated ▪ Agriculture experts trained 	<ul style="list-style-type: none"> - 2 centres of excellence for agriculture technology established by 2010; - 2% increase in trained agriculture experts continent wide by 2010; 	
(2) Knowledge products	<ul style="list-style-type: none"> - Three studies finalized on the transformation of African smallholders agriculture systems, agriculture policy impact, and global agriculture governance system 		<ul style="list-style-type: none"> ▪ Recommendations from studies utilized in PRSP and CSP production 	<ul style="list-style-type: none"> - 3 CSPs adopt recommendations of knowledge products by 2011; - 2 Regional Integration strategies informed by knowledge products by 2011. 	

7. Establish a crisis response facility (CRF)	- RMC economies exposed to commodity price shocks stabilized	- <u>Qualifying crisis hit countries</u>	<ul style="list-style-type: none"> ▪ Price trends for basic commodities ▪ Balance-of-payments 	- To be identified in specific circumstances	
8. Climate change adaptation and mitigation mainstreamed and financed	- RMC capacity building promoted - 'Climate proofing' in Bank projects enhanced	- <u>Farmers in high risk environments</u> - <u>Ministries of Agriculture and Infrastructure</u>	<ul style="list-style-type: none"> ▪ Climate proofing in agriculture and infrastructure projects 	- Climate proofing in 30% of agriculture and infrastructure projects by 2009	
<u>BANK INTERNAL ACTIONS</u>	<u>SHORT TERM RESULTS AND IMMEDIATE OUTPUTS</u>	<u>Beneficiaries</u>	<u>Indicators</u>	<u>Bank's Indicative Target</u>	
1. Realign parts of the ongoing agriculture portfolio to address agriculture input demand by smallholders	<ul style="list-style-type: none"> ▪ Portfolios realigned in a selected number of countries to address immediate farming needs 	<u>NA</u>	<ul style="list-style-type: none"> ▪ Portfolios re-aligned in the short term 	- Three by Oct. 2008 and an additional five by the end of 2008	
2. Accelerate and expand budget and balance of payments support to cover short-term import needs	<ul style="list-style-type: none"> ▪ Accelerated and New Budget support projects in place in selected affected within 12 months 	<u>NA</u>	<ul style="list-style-type: none"> ▪ RMCs benefiting from accelerated budget support programs in the short term 	- Budget support programs accelerated in 4 RMCs by Dec. 2008 - Budget support and BOP programs approved in 8 RMCs by July 2009	
3. Accelerate allocation from the Surplus Account	<ul style="list-style-type: none"> ▪ UA 18 million allocated to 9 RMCs from the Surplus Account for accelerated support to mitigate food crisis 	<u>NA</u>	<ul style="list-style-type: none"> ▪ Resources deployed 	- Resources deployed to 2 countries by end 2009	
4. Establish a crisis response facility (CRF) at the Bank	<ul style="list-style-type: none"> ▪ Operational CRF established at the Bank ▪ Financial assistance provided through CRF 	<u>NA</u>	<ul style="list-style-type: none"> ▪ CRF Board approval ▪ Assistance provided to qualifying RMCs by end 2009 	- CRF Board approved by 2009 - First assistance provided to countries in 2009 - 2 RMCs supported by end 2009	
5. Operationalise the African Fertilizer Financing Mechanism (AFFM)	<ul style="list-style-type: none"> ▪ Coordination Unit established and staffed (OSAN) ▪ Operational Strategy for AFFM Finalized ▪ Partnership with AGRA deepened ▪ Indicative work programme prepared 	<u>NA</u>	<ul style="list-style-type: none"> ▪ TOR for AFFM Coordinator finalized ▪ Operational Strategy for AFFM finalized 	- TOR for AFFM Coordinator finalized by September 2008 - Operational Strategy for AFFM finalized by October 2008	
6. Improve Bank policy and dialogue on regional approaches in agriculture	<ul style="list-style-type: none"> ▪ Bank country offices step up dialogue with the RECs ▪ Regional strategy papers prepared for all regions 	<u>NA</u>	<ul style="list-style-type: none"> ▪ Dialogue with ECOWAS and COMESA through Bank country offices ▪ Regional strategy papers prepared by end 2009 	- Two regional strategy papers prepared by end 2009	
7. Coordinate Crisis Response with Partners in RMCs, multilateral, and bilateral institutions	<ul style="list-style-type: none"> ▪ Tunis Conference June 25-27, 2008; implemented and follow-up mechanisms developed ▪ Accra Conference (September 2008) ▪ Joint monitoring mechanisms of crisis 	<u>NA</u>	<ul style="list-style-type: none"> ▪ Consolidated Action Plan from Tunis conference with detailed follow-up actions ▪ Consolidated Action Plan sent to the High Level Forum secretariat as input to Accra meetings 	- Consolidated Action Plan from Tunis conference produced and sent to the High Level Forum secretariat as input to Accra meetings by August 2008	

	response done		▪ Joint assessments of crisis response done		
8. Finalize new Bank agriculture strategy	▪ New Bank agriculture strategy developed	<u>NA</u>	▪ Concept note prepared and approved by relevant Departments ▪ New Agriculture strategy approved by the Board	- Concept note prepared and agreed on by various Departments within 6 months - Board approval of new Agriculture strategy by end 2009	
9. Improve Bank business processes to swiftly deal with food crisis response	▪ Bank Business processes improved to deal swiftly with response	<u>NA</u>	▪ Special procurement measures in place	- 15 days bidding period approved by the Board on adoption of the AFCR - Post-review for contracts up to UA1.5 million authorized by Board on adoption of the AFCR	
10. Mainstream gender in Bank's response to the increase food prices in the short, medium and long term.	▪ Women empowered to increase disposable income;	<u>NA</u>	▪ Gender issues mainstreamed in the implementation of the AFCR;	- OSVP 2008 KPIs report progress on gender end of each year; - OSAN AFCR implementation progress report outlines achievements in gender mainstreaming within each response.	

EXECUTIVE SUMMARY

1. The Africa Food Crisis Response (AFCR) is the Bank's framework for accelerated support to Regional Member Countries (RMCs) affected by increased food prices. The specific objectives of the AFCR are: i) reduce vulnerability of the poor to high and unstable food prices; ii) support broad based growth through increased agricultural productivity, market participation, and strengthened government policies for sustainable agricultural development; and iii) strengthen adequate capacity in Government to ensure an enabling environment for sustainable agriculture growth including by the private sector. Overall the AFCR is projected to avail approximately **UA 471.97 million** in the short term and **UA 1.4 billion** in the medium to long term.

2. The Bank's proposed short term responses go over a period of 6 months to one year. Four specific short term responses are proposed: (i) Realignment of the existing agriculture portfolio with the aim of boosting production (UA 133.08 million). This measure categorises two types of projects, Batch (A) which do not require Board approval under applicable Bank Group policies, and Batch (B) which usually would require the approval of the Board but for which a delegation of authority to Management is requested in this document to ensure the Bank Group's timely response to the crisis; (ii) Use of budget support instrument for quick disbursement of resources to RMCs (UA 304.44 million); (iii) Increased dissemination of NERICA rice seeds to meet the planting season (UA 24.02 million); and (iv) accelerated allocation from the Bank's Surplus Account (UA 18 million).

3. The Bank's medium to long term measures will run over 3 years and beyond. The AFCR proposes seven approaches aiming at improving food security while taking advantage of the high food prices: (i) improved rural infrastructure; (ii) Operationalising the African Fertiliser Financing Mechanism; (iii) increasing NERICA rice production; (iv); capacity building, policy dialogue and trade promotion; (v) scaling up private sector operations for food security; (vi) promoting agriculture research, and (vii) the establishment of the Crisis Response Facility science and technology. Gender mainstreaming and addressing climate change are core guiding principles of all the responses identified under the AFCR.

4. Partnerships and donor coordination is a key pillar to the Bank's accelerated response to the increasing food prices. As such, the meeting on Revitalising African Agriculture: Implications for Addressing the Food Crisis which was held in Tunis on 26th and 27th June 2008 resulted in a clear agreement amongst partners for the need for accelerated support which is broadly within the CAADP pillars and which is aimed at reducing RMCs' vulnerability to crisis in the future.

5. In conclusion, Management seeks the **endorsement** of the Board of Directors for the proposed Africa Food Crisis Response Framework, which would provide support to food crisis affected countries in the **short term** to the value of **UA 471.97 million** and in the **medium to long term** to the value of **UA 1.4 billion**. It is to be noted that these amounts do not include operations from the bank's private sector window.

6. The Board of Directors are further **requested to approve** the following recommendations:

- (1) The Board(s) of Directors is hereby requested to delegate the authority to the President to approve the following measures of flexibility for accelerated delivery of Bank Group support:
 - a) Approval of the Summary Revised Proposal on the use of the released resources for Batch (B) projects which are from the non-agriculture sectors,

with subsequent reports of such approvals provided to the Board of Directors for information;

- b) Approval of the use of National/International Shopping procurement method with a 15 day bid period and post review for single contracts up to UA 1.5 million (See Annex 1 for details), both for Batch (A) and (B) projects,
 - c) Authorize direct purchase of inputs from an eligible supplier awarded a contract for the supply of similar inputs in the same country, which contract was awarded following competitive procedures by a Partner, MDB, or UN institution, and to allow the concerned country/project to use the existing contractual arrangement and price of such supplier for the delivery of the required inputs required.
- (2) Furthermore, given the urgent nature of the Budget Support operations proposed herein, Management requests that the Board of Directors approve a reduction of the review period for documents for consideration by the Board of Directors from at least twenty-one (21) days before the scheduled date of the Board meeting at which the proposal would be considered, to one (1) week.
- (3) As part of the AFCR framework, Management proposes that the Board of Directors of the Bank recommend to the Board of Governors, for consideration by non-objection, on an exceptional basis, an allocation from the Surplus Account for certain of the Budget Support and/or Balance of Payment Support operations recommended in this report.

1. INTRODUCTION:

1.1. The Africa Food Crisis Response (AFCR) is the Bank's framework for accelerated support to Regional Member Countries (RMCs) affected by increased food prices. The overall goal of the Bank's response is to reduce the risk to African populations of increased poverty in the short term and ensuring sustainable food security in the medium to longer terms. The Bank's response is justified by the fact that Africa's recent gains in economic growth and macroeconomic and political stability risk being seriously jeopardized. In addition, given Africa's large poor population the current food crisis has significant implications for its ability to meet the MDGs. The measures proposed in the AFCR complement the efforts of other partners, such as the World Bank, and are harmonised in the kind of activities to be supported.

1.2 The causes of the increase in food prices have been analysed by many organisations including the Bank. They are related mainly to depleting cereal stocks as a result of the impact of climate change and multiple demands on existing stocks from human and animal consumption as well as for bio-fuels. Moreover, the increase in oil prices has also triggered an increase in transport and fertiliser costs which has further contributed to increase in food prices.

1.3 Despite short term negative consequences, this situation presents a tremendous opportunity for Africa as it is clear that the high food prices are likely to persist. High food prices have the potential for increasing the value of agricultural assets and for stimulating private sector investment in agriculture, once the requisite enabling policy environment is in place. The proposed response has been carefully selected, based on the comparative advantages of the Bank, its capacity, past experience, partnerships, and lessons learnt as well as addressing critical constraints to accelerated support, namely availing resources and flexibility in processes. The AFCR is also guided by the Comprehensive African Agriculture Development Programme (CAADP) pillars.

1.4 Given the complexity of the issues, and the diversity of the continent, the AFCR proposes a wide menu of responses ranging from policy advice to specific actions targeting farmers. We are aware that these proposed responses are constrained by what the Bank can do in specific countries and therefore a coordinated response has been outlined (see chapter 4) reflecting agreements reached at the **meeting of the Regional Member Countries (25th and 26th June) and Partners held in Tunis on 26th and 27th June 2008** (see Annex 4 for list of participants). The proposed responses meet the needs of the RMCs along the range of vulnerability assessment undertaken by the Bank (see Annex 2).

1.5 The specific objectives of the AFCR are: i) reduce vulnerability of the poor to high and unstable food prices; ii) support broad based growth through increased agricultural productivity, market participation, and strengthened government policies for sustainable agricultural development; and iii) strengthen capacity in Government to ensure an enabling environment for sustainable agriculture growth including by the private sector. The AFCR is in line with the Principles of the Paris Declaration within the overall framework of donor coordination and harmonisation leading to the Accra High Level Forum. Overall the AFCR is projected to avail approximately **UA 471.97 million**¹ in the short term and **UA 1.4 billion** in the medium to long terms to address the issues of high food prices and food security. It is to be noted that these amounts do not include operations from the bank's private sector window.

1.6 The AFCR is informed by the **preliminary results** of the joint ADB/IFAD evaluation of the agricultural portfolio, namely: (i) among those projects rated satisfactory, the ones including irrigation development, rural infrastructure and crop development were the majority; (ii) greater project effectiveness and sustainability could be quickly achieved

¹ Realignment of portfolio UA 133.08 million; Budget support UA 296.87; increased rice production UA 24.02 million; Special allocation UA 18 million.

through better project design including careful selection of project components, continued attention to actual needs of the poor, increased cross-sectoral work, especially with the infrastructure and water sectors, greater attention to gender and much more comprehensive risk and economic analysis; and (iii) effectiveness at country level could be increased through better focused, more realistic and more consistent strategic direction, and greater selectivity. Moreover, climate risk due diligence in Bank operations, including climate-proofing of agriculture and infrastructure projects that are climate sensitive will be a clear focus. This will be directly in response to one of the primary causes of the increase in food prices.

1.7 The Bank will use a well developed **communication strategy** to ensure that there is wide ownership and buy-in of the Bank's proposed response to the food crisis among the different stakeholders involved, whether within or outside the institution. Multiple tools will be used such as: Board Information Notes, email updates and alerts, networking and discussion forums with field offices for country-level perspectives, and use of the Bank's discussion networks. For external stakeholders, the Bank will embark on a mass media campaign using radio and television spots, advertisements in print media, and articles in targeted periodicals and/or press conferences.

1.8 The present report has been prepared by a Bank-wide Working Group reinforced by broad consultations both within and outside the Bank. It has been spurred by a call from the Heads of MDBs in April 2008 requesting the Bank to head a Task Force on Food Prices, and a series of conversations and dialogue that took place both with member countries and partners. In addition, it has been informed by the Report of the High Level Panel, "Investing in Africa's Future", within the framework of promoting agriculture infrastructure including water resources management, increasing smallholder farmers' productivity with a greater linkage to private sector investments, and working with partners. The Group has also been in touch with the UN Secretary's MDG Steering Group and the UN High Level Task Force on the Food Crisis.

2. BANK'S SHORT TERM RESPONSE TO THE INCREASE IN FOOD PRICES

2.1 Overview

2.1.1 The Bank's proposed short term responses will cover a period of six months to one year. **Four specific short term responses are proposed: (i) realignment of the existing agriculture and some parts of the other sector portfolio with the aim of boosting production; (ii) use of the budget support instrument for quick disbursement of resources to RMCs; (iii) increased dissemination of NERICA rice seeds to meet the coming planting season, and (iv) special allocation from the Bank's Surplus Account.** These responses are designed to allow the widest possible coverage of countries on an accelerated basis in the different categories as indicated in Annex 3. The expected results are outlined in the logframe.

2.1.2 The Bank's response takes into consideration the following guiding principles: (a) the responses provide a menu of instruments and options to address the diverse nature of the crisis across the continent; (b) strong country ownership (28 RMCs participated in the Tunis meetings); (c) the most effective deployment of resources for rapid action; and (d) responses coordinated with and complementary to other donors and partners. In formulating the Bank's short term response, a certain number of measures have already been implemented but there are others for which exceptional waivers are required from the Board, as described later, in order to provide the required rapid assistance effectively.

2.1.3 Within the Bank's four proposed short term measures, **women farmers** will constitute **50% of the beneficiaries** and will be specifically targeted to have equal access to the range of inputs offered through liberated financial resources and for the projects related to increased

rice production. The Bank, through its Agriculture and Natural Resources Department, will monitor these targets and report performance in its end of year report.

2.2 Realignment of the Existing Agriculture Portfolio

2.2.1. **The Bank's first response aims to increase the quantity of food available in the RMCs through increased availability of agriculture inputs resulting from three portfolio realignment strategies.** These are: (a) making resources available from realignment of on-going agriculture projects for purposes of allowing immediate purchase of agricultural inputs (such as seeds, fertilizers, etc.) to meet the coming planting season (July to September 2008); (b) accelerating disbursements in agriculture projects which include food production components; *these together are referred to as Batch (A) projects and are characterized by the fact that the actions proposed do not require major changes in procedure (in most cases only a revision of List of Goods and Services is required) and is, therefore, largely within Management's purview. Countries which have projects in Batch (A) have already been contacted in this regard and technical discussions are ongoing for the proposed realignments;* and (c) using resource balances from non-agriculture sector projects to finance activities related to mitigate the impact of increased food prices (in the same country of the project) *these are referred to as Batch (B) projects, for which certain approval waivers are requested from the Board of Directors.*

2.2.2. Under this first approach resources from both Batch (A) and Batch (B) projects will be made available to the RMCs for accelerated food production through financing of agricultural inputs such as fertilisers, seeds and hand-tools. All inputs will be delivered through the existing farmer groups and the agriculture extension services on the ground using national distribution systems. The groups, services and systems are those which have been evaluated by the Bank Group in past projects and are found to be effective. It is to be noted that all resources will remain within the countries and that no resources will be transferred between countries.

2.2.3. In particular, both for Batch A and B, the Bank has selected projects with undisbursed balances based on the following criteria:

- Projects that have the potential to increase food production in a relatively short time
- Projects which are unlikely use up remaining resources by loan closing date and for which the concerned RMC has already indicated the use of resources to respond to the crisis;
- Completed projects with undisbursed balances yet to be cancelled.

2.2.4 The realignment of the agriculture sector portfolio and accelerated disbursements in existing agriculture projects (Batch A) are projected to result in the **release of UA 83.08²** (USD 134.89 million) through targeting **23 projects in 18 countries** (and one multinational operation).

2.2.5 Under Batch (B) the Bank has identified **27 non-agriculture projects** (namely from the social development, water, and infrastructure sectors) where there are remaining balances which can be rechannelled for increased food productivity within the country. The Bank will thus be able to **release an additional amount of approximately UA 50 million** (USD 81.19

² The liberated resources will result in increased food availability: 1.2 million metric tonnes (MT) of cereals, 0.013 million MT of beans and legumes; 0.04 million MT of oil nuts; 0.03 million MT of tubers; 0.24 million MT of vegetables; and 0.07 million MT of fruits. The estimates on increased production are based on available area under cultivation for one planting season using increased inputs and improved seeds.

million). It should be noted that the exercise of identifying projects with undisbursed balances will continue and that the above remains a preliminary list.

- (1) The Board(s) of Directors is hereby requested to delegate the authority to the President to approve the following measures of flexibility for accelerated delivery of Bank Group support:
 - a) Approval of the Summary Revised Proposal on the use of the released resources for Batch (B) projects which are from the non-agriculture sectors, with subsequent reports of such approvals provided to the Board of Directors for information;
 - b) Approval of the use of National/International Shopping procurement method with a 15 day bid period and post review for single contracts up to UA 1.5 million (See Annex 1 for details), both for Batch (A) and (B) projects,
 - c) Authorize direct purchase of inputs from an eligible supplier awarded a contract for the supply of similar inputs in the same country, which contract was awarded following competitive procedures by a Partner, MDB, or UN institution, and to allow the concerned country/project to use the existing contractual arrangement and price of such supplier for the delivery of the required inputs required.

2.3 Use of Budget Support Instrument

2.3.1 **The Bank's second response is aimed to stabilise food prices both domestically and regionally.** The countries indicated in Table 1 have already requested Bank support through this instrument to help reduce the funding gap created by unplanned public expenditures and reduced tax revenue as a result of the food crisis. The Bank's support will alleviate some of the pressures on the respective economies and help free up resources for immediate responses. The Bank will remain focused and selective through its budget support operations combined with a degree of flexibility in remaining responsive to the food crisis. In order to ensure effective implementation of reforms that will support set objectives, the Bank will strengthen its role in policy dialogue processes on food related issues. This response is expected to release a total of **UA 296.87 million** through the use of budget support instruments.

2.3.2 The Bank has identified **4 on-going budget support operations** (see Table 1) which could be accelerated for disbursing a total amount of **UA 49.57 million** to help contribute to government responses to the crisis. All the countries listed, with the exception of Rwanda, have been significantly impacted and this in turn has prompted certain reactive measures (Government of Ethiopia has officially requested development partners to frontload and scale up their budget support operations). Conditions for disbursement have been met in Ethiopia and Rwanda. Cameroon, following the launch in June 2008, will be ready for the first disbursement in August 2008.

2.3.3 Burkina Faso: The Bank will be supporting the implementation of the National Emergency Program for Strengthening Agricultural Production (July 2008 Board Presentation) for an estimated amount of **UA 45 million** aimed at mitigating some of the consequences of the food crisis through activities such as the modernization of agricultural production of staple food, and the support to tax reforms. In order to ensure quick disbursement, conditions for first disbursement will be met before loan signature. The second disbursement will be made on satisfactory assessment of the Performance Assessment Framework (PAF) during the reviews.

2.3.4. Ethiopia: The Bank will be mitigating against the impact of high oil and food prices through its budget support operation (November 2008 Board Presentation) estimated at **UA 90 million**. In order to ensure quick disbursement, conditions will be such that they can be either before loan signature. Conditions to second disbursement will also include a process of policy dialogue related to the food crisis situation.

2.3.5 Liberia: The budget support operation (November 2008 Board Presentation) in Liberia, for an estimated amount of **UA 9 million**, is expected to focus on Public Financial Management that will in particular strengthen the tax revenue mobilization system in the country. Based on the Bank's own country assessment of the effect of the food crisis in the country, the team plans to identify areas of intervention that will support tax reforms and therefore alleviate the macroeconomic pressures that have resulted from the high food prices.

Table 1: Budget Support Operations

Country	UA Million	Disbursement Timeframe	Vulnerability
ONGOING OPERATIONS			
Ethiopia	16.50	June 2008	High
Cameroon	12.50	August 2008	High
Rwanda	13.00	June 2008	Medium
NEW OPERATIONS			
Burkina Faso	45.00	November 2008 and April 2009 (two tranches)	High
Ethiopia	90.00	December 2008 and July 2009 (two tranches)	High
Liberia	9.00	November 2008	High
Mali	33.00	December 2008, 2009, 2010 (three tranches for medium term response)	Medium
Cote d'Ivoire	45.87	November 2008	High
Burundi	12.00	November 2008	High
Central African Republic	10.00	March 2009	High
Senegal	10.00	November 2008	High
TOTAL	296.87	September 2008	High

2.3.6. Cote D'Ivoire: The proposed budget support, amounting to **UA 45.87** responds to improving public financial management systems and strengthening procurement systems for enhanced crises response and human resource management in the context of fragility.

2.3.7 The Bank will also be supporting other new budget support operations to be disbursed within the next 12 months for countries such as **Mali (UA 33 million), Central African, Republic (UA 10 million), Burundi (UA 12 million), and Senegal (UA 10 million)**.

2.3.8 **Furthermore, given the urgent nature of the Budget Support operations proposed herein, Management requests that the Board of Directors approve a reduction of the review period for documents for consideration by the Board of Directors from at least twenty-one (21) days before the scheduled date of the Board meeting at which the proposal would be considered, to one (1) week.**

2.4 Increased Rice Production in the Short Term

2.4.1 **The Bank's third short term response is to work towards increasing access to staple foods and stabilize nutritional levels of the population.** The Bank's existing support to seven West African countries (Benin, The Gambia, Ghana, Guinea, Mali, Nigeria and Sierra Leone) will be targeted for accelerated disbursements of a total amount of **UA 21.99 million** for an incremental production of 600,000 MT of rice, 54,135 MT of NERICA seeds through the mobilization of 33,000 farmers engaged in participatory varieties selection to enable NERICA production on an additional 400,000 hectares.

2.4.2 Moreover, through project realignment the Bank will enable the expansion of total area under NERICA cultivation over the next two years. Accordingly, about UA **2.03 million** will be immediately available to allow for production of additional 14,000 MT of certified NERICA rice seeds that can be used to plant an additional 200,000 hectares in the seven West African countries (Benin, Ghana, Mali, Nigeria, Guinea, Sierra Leone and the Gambia). Each country is expected to produce an additional 2000 MT of seed rice to plant the estimated 200,000 hectares of rice which is expected to yield 700,000 of rice paddy.

2.5. Accelerated Allocation from the Surplus Account

2.5.1 **The Bank's fourth measure is aimed to stabilise food prices and increase access to food in specific countries which will not benefit from sufficient support under the three previous approaches.** Under this accelerated support, nine countries have been selected based on the following criteria: (a) Countries with no existing portfolio for realignment (including both fragile and non-fragile states) or (b) Countries where the amounts to be liberated from realignment of existing portfolio is less than UA 4 million.

2.5.2 Six countries for which the Bank has no projects on the ground that could be realigned are: *Liberia, Togo, Burundi, Comoros, Central African Republic, and Eritrea*. Amongst these, Togo, Comoros, Central African Republic, Burundi, and Liberia are fragile states with almost 44% or more of the population threatened by severe nutritional risks. The increase in food prices and vulnerability is threatening the fragile peace situations in these countries and there is a risk of return to increase in national and regional insecurity. Moreover, according to the FAO³ report reveals that *Eritrea* is the 5th most food vulnerable country in Africa, and 75% of its population suffer from under nourishment.

2.5.3. Further, three countries which will receive insufficient resources from the realignment exercise are: *Niger, Djibouti and The Gambia*. In Niger almost 32% of the population is suffering from under nourishment and the country falls among the top 22 most food vulnerable countries (see FAO report, 2008). Djibouti is categorised as experiencing very high food vulnerability (see Annex 3) and falls under the first quartile in the food vulnerability assessment. Djibouti's food vulnerability is likely to continue due to poor rains in the present agriculture season combined with poor strategic reserves of food and grains. In The Gambia per capita consumption of cereals is about 175kg and about 46% of rural households fall below the food poverty line. The current increase in food prices is estimated to increase food in-security and drive rural households into greater poverty. Analysis from AfDB, FAO, and the World Bank confirm these nine countries to be suffering from exceptional shortfall in food production and supply, widespread lack of access to food for a large part of the population, as well as weak capacity to achieve incremental crop production without external support.

2.5.4. **Management proposes an allocation of UA 18 million** from the Bank's Surplus Account⁴ as a short term measure in response to the increase in food prices. **Funds from this response are expected to be deployed by August 2008 (in order to meet the coming planting season) and will be used to respond to the crisis using diverse instruments** such as budget support and purchase of inputs such as seeds, fertilisers, agriculture tools; for the latter the Bank will specifically assist the countries to accelerate the procurement of inputs where necessary. Moreover, specific uses of the resources will be jointly determined with the target countries and included in specific proposals for approval using the flexibility outlined in section 2.5.5. Resources from the **Accelerated Allocation** from the Bank's Surplus

³ FAO, April 2008, Soaring Food Prices: Facts, Perspectives, Impacts and Actions Required (HLC/08/INF/1).

⁴ The meeting of the Joint Steering Committee of the Boards of Governors in Maputo on 12th May 2008 (see ADF/BG/SC/WP/2008/01) recommended that "allocations be made from the Surplus Account in appropriate amounts to provide assistance to regional member countries faced with food crisis and escalating prices of crude oil".

Account for the selected countries will be used to support interventions which are responsive to the **needs of the majority of female farmers** and which promote household food security.

2.5.5 As part of the AFCR framework, Management proposes that the Board of Directors of the Bank recommend to the Board of Governors, for consideration by non-objection, on an exceptional basis, an allocation from the Surplus Account for certain of the operations recommended under this response in this report. The proposed beneficiary countries are:

Table 2: Selected Countries for Special Support from the Surplus Account

Country	Allocation proposed	Justification for the allocation
Liberia	UA 3.0 million	<ul style="list-style-type: none"> • Fragile State; • Categorised as severely affected with 50% of the population impacted by under nourishment; • Because of arrears, no on-going project available for realignment and no existing resources can be liberated; • Household food basket price increase by 25% in January 2008 and poverty increase from 64% to more than 70% as at June 2008; • Unmet food security funding gap is USD 16.54 million (***) • The planned budget support will only be disbursed in 2009.
Comoros	UA 1.5 million	<ul style="list-style-type: none"> • Fragile state • Because of arrears, no on-going project available for realignment and no existing resources can be liberated; • Highly vulnerable to food crisis with 60% of the population threatened by under nourishment ; • Unmet food security funding gap is USD 4 million
Burundi	UA 2 million	<ul style="list-style-type: none"> • Fragile state • Highly vulnerable to food crisis (second quartile): prices of basic staples rose by 23%; • 66% of the population threatened by under nourishment; • 70% of household expenditure dedicated to food purchase; • Increased violence over land and agriculture resources (*) • Because of arrears, no on-going project available for realignment and no existing resources can be liberated; • Country has requested AfDB support to fill fiscal gap of 0.7% of GDP; • Unmet food security funding gap is USD 9 million
Togo	UA 2.5 million	<ul style="list-style-type: none"> • Fragile state; • Because of arrears, no on-going project available for realignment and no existing resources can be liberated; • Resources through new investments will only be made available by end 2008/ early 2009 • Child malnutrition increased to 14.3% in June 2008 (**); • Inflation at 5% and expected to rise to about 9% by end 2008; • Categorised as severely affected.
Central African Republic	UA 3 million	<ul style="list-style-type: none"> • Fragile state; • No on-going project available for realignment and no existing resources can be liberated; • Resources through new investments will only be made available by end 2008/ early 2009 • 44% of the population suffering from under-nourishment; • Categorised as severely affected
Niger	UA 2 million	<ul style="list-style-type: none"> • Available resources to be rechanneled are less than UA 1 million and insufficient to meet the planting season; • Increased child malnutrition between April and May 2008;
Eritrea	UA 2 million	<ul style="list-style-type: none"> • No on-going project available for realignment and no existing resources can be liberated; • Country has already sent urgent request for fertiliser support; • Categorised as severely affected with 75% of the population threatened by under nourishment; • Unmet food security funding gap is USD 6.3 million
Djibouti	UA 1 million	<ul style="list-style-type: none"> • Available resources to be rechanneled are insufficient to meet the needs of the planting season; • Falls under the 1st quartile and categorised as suffering from very high food vulnerability; • About 45% of the population is food vulnerable; • Unmet food security funding gap is USD 6 million
The Gambia	UA 1 million	<ul style="list-style-type: none"> • Amount to be liberated from exiting portfolio is UA 500,000 • Falls under the 1st quartile and categorised as suffering from very high food vulnerability; • High cereal dependency and insufficient stock to meet demand; • Increasing under nourishment especially among women and children (****) • Unmet food security funding gap is USD 2 million

Source: Figures on under-nourishment from FAO, April 2008, Soaring Food Prices: Facts, Perspectives, Impacts and Actions Required (HLC/ 08/INF/1). (*) <http://www.irinnews.org/PrintReport.aspx?ReportId=78656>; (**); <http://www.irinnews.org/PrintReport.aspx?ReportId=78656>; (****) <http://ochaonline.un.org/cap2005/webpage.asp?Page=1661> (****)http://www.fao.org/faostat/foodsecurity/MDG/EN/Gambia_e.pdf

3. MEDIUM TO LONG TERM RESPONSES: SCALING-UP SELECTIVE INVESTMENTS FOR SUSTAINABLE AGRICULTURAL GROWTH

3.1 Guiding Principles

3.1.1 This section is based on the view that, as stated in the introduction, the current food crisis can constitute an opportunity for African farmers, once agriculture is reconsidered as an important source of economic growth. For the Bank, this will entail a different vision of how to support agricultural development, one that is built on past experience and lessons, that is more selective, and that entails a clear division of labour with partners within the CAADP framework.

3.1.2 Within the framework of the Bank's Medium Term Strategy, the Bank's Agriculture strategy will be responsive to the recommendations of the ADB/ IFAD joint evaluation and will be guided by the following: (i) the high agriculture commodity prices provide an important incentive for transforming and revitalizing the agriculture sector in Africa, reducing poverty amongst farmers and recognition of agriculture as a viable source of growth for RMCs; (ii) agriculture sector practices must take into consideration factors such as, energy prices, climate change, adaptive research, and trade opportunities; (iii) sustainable agriculture development requires cross-sectoral efforts; (iv) partnerships and donor harmonisation are key to effectiveness on the ground; and (v) a core constraint in Bank projects related to gender is the insufficient assessment of the diverse practices and needs of female and male farmers within the country and local context. **All Bank agriculture and water management projects will conduct base line studies prior to project design to ensure that the most appropriate gender responsive strategies are adopted in the Bank's investments.** As such, all agriculture projects will ensure that gender responsive activities are outlined in all project components. The OSVP KPI related to gender mainstreaming in agriculture projects will be monitored to ensure compliance. The following responses are outlined in order of their importance and weight in terms of resources allocated.

3.2. Rural Infrastructure for Sustainable Agriculture Development

Scaling up rural infrastructure will help to attract private investments in agriculture, increase food productivity, increase access to inputs, higher disposable income for farmers, and contribute to sustainable food security on the continent. This response is expected to be implemented by end 2010.

3.2.1. **Water Resources Management for Agriculture**

3.2.1.1 The Bank has a planned pipeline of **UA 580 million** (including support to MICs) for the period 2008-2010 aimed at infrastructure development to increase irrigation and **water storage capacity by at least 8.5 billion cubic metres** for the period 2008 to 2010. This represents about 12% of the NEPAD-CAADP estimated requirement for investment in improved water control for the 2006/2010 period (CAADP Pillar I). The Bank's investments in construction and/ or rehabilitation of irrigation infrastructure as well as market and storage facilities will give full consideration to **access by female farmers and traders** and will select options which clearly benefit them. This will be demonstrated in the investment proposals for compliance. The Bank's commitment will be operationalised in the following areas:

- **Optimization of existing water storage facilities for agriculture production** (dams, weirs, etc.) with the purpose of improving them to allow for extra volume of storage. The potential for utilizing these facilities in irrigation and other rural development activities without jeopardizing their original objectives would be studied. The

advantage of this approach is that it can achieve greater results in a short period, with minimal are in most cases without extensive construction;

- **Increasing dams' storage capacities:** this approach targets those structures that can be enlarged by increasing dam wall height. This option builds on the fact that the natural flow in these cases has already been altered and the environmental impacts would be considerably less than those of building new structures. However, the suitability of the storage site and the impacts of elevating the water levels on surrounding activities and the impacts on down stream flows would be carefully studied and proper mitigation measures put in place;
- **Building new large water storage facilities:** this approach would be used in river basins where potential for water storage has not been sufficiently explored. Basins such as the Nile, Niger, Volta, Zambezi, Orange and many others will be studied and potential sites for water storage assessed and prioritized according to set criteria. The advantage of this option is the addition of sizable volume to the storage capacity in the continent. This would be a *medium to long term solution* as it involves environmental, social and political considerations that need to be addressed through dialogue.
- Use Rural Water Supply and Sanitation Initiative (RWSSI) to support rural households to address their drinking water supply and livestock watering needs in addition to promoting water efficient uses. As such, OWAS plans **19 RWSSI programmes** during the ADF XI period and will work jointly with OSAN to include small scale irrigation activities in some of these RWSSI programmes.
- Enhance collaboration and operational partnerships between the water use sectors of agriculture, food security, energy, water supply and sanitation within and outside the Bank to attain the Africa Water Vision 2025 and develop the minimum platform of infrastructure and institutions that will provide an acceptable level of water security. This includes NEPAD, the World Bank and other development partners, through the Agriculture for Water (AgWA) Partnership which will work in harmonization; share knowledge and innovation; and mobilise resources together for projects which foster regional integration and empower national and regional stakeholders.
- Invest in data and information (hydrological, environmental, early warning systems, economic, social and markets) for effective feasibility studies, designs, construction or operations

3.2.2 Reduction Of Post-Harvest Losses

- This response measure will scale up the rural infrastructure necessary to reduce post harvest losses as follows: 22,100 kms of feeder roads to be rehabilitated/ constructed; 820 market facilities constructed/ rehabilitated; and about 5,412 storage facilities constructed/ rehabilitated. **To this end, the current three-year project pipeline in OSAN has already identified 21 projects valued at UA 387 million** supporting these areas.
- Work with partners to develop a specific Post-Harvest Losses Strategy for Africa which will help define the medium-long term areas of action of the Bank. This approach will be one of the first building blocks for the development of the Agro-Industry Strategy of the Bank, and will target a **reduction of 0.5% of post-harvest losses** per year. Four key institutions have already been identified and approached: FAO (Agricultural and Food Technologies Services), UNIDO (Agri-Business Development Branch), NEPAD (African Ministerial Council of Science and Technology), and IRRI (International Research Institute).

- Use Bank interventions in **Technical & Vocational Training** to target the strengthening of human capacity in the area of post-harvest management and food technology in relevant programs.

3.3 Increased Rice Self-Sufficiency in Africa in the Medium to Long Term

3.3.1 **This approach will help improve nutritional levels and mitigate negative dietary practices in the wake of food vulnerability.** The importance of maize as a staple food is not neglected but will be addressed by other measures as the present response is embedded in the Bank's experience with NERICA rice. The Bank will work together with other partners under the Coalition for African Rice Development (CARD) which is an initiative jointly proposed by the Alliance for a Green Revolution in Africa (AGRA) and the Japan International Cooperation Agency (JICA). CARD aims to respond to the increasing importance of rice production in Africa and to provide the international framework to assist self-effort of African countries to increase rice production, building on the existing structures, policies and programs, such as the Africa Rice Centre (WARDA); the Comprehensive Africa Agriculture Development Program (CAADP) and the Africa Rice Initiative (ARI). **The overall target is to 'double Africa's rice harvest within ten years', from the present production of 14 million tons to 28 million tons by around 2017 using a Bank pipeline of projects of UA 163 million.** To this end, the Bank will help the production expansion of NERICA rice and seeds in the medium to long term. This will be achieved through:

- Strengthen the capacity of the Africa Rice Centre of WARDA to be able to substantially boost its production capabilities to supply the basic breeder seeds for NERICA multiplication. In addition, support **national rice institutes to produce certified seeds** to meet expanded production at the national level.
- Work with partners to **identify linkages between CARD** and the Bank's objective of reducing post harvest loss and improved water mobilization and irrigation in Africa
- Support **WARDA and FARA for the development and dissemination of irrigated NERICA rice varieties;**
- **Develop a system of quality control** to ensure reasonable standards and public awareness campaigns which could help consumers appreciate NERICA's qualities.
- Mass dissemination of the available NERICA varieties within the countries where it is currently being produced and to also rapidly expand NERICA production to other potential countries;
- Access to financing is another major constraint for female farmers especially within the context of lack of collateral, lack of ownership of land, and knowledge on credit management. **The Bank will promote access to agriculture finance which mitigates these constraints and will commit to increasing access to female farmers for increased rice production.**

3.4 Capacity Building and Policy Advice for Agricultural Governance and Trade

3.4.1. **This approach will respond to building and strengthening national systems' capacity for providing the required public goods necessary for sustainable agriculture development through project activities worth UA 72.8 million.** An important feature of the agricultural sector today is the large extent of private sector participation ranging from small scale farmers to wage labourers to NGOs and commercial farmers, focusing on export. The role of Ministries of Agriculture in this landscape is not always well defined, this is exacerbated by their weak capacity and bargaining power. The role of these Ministries should

increasingly be focused on providing the necessary public goods as a prerequisite for sustainable agricultural development in Africa. The Bank will support RMC Ministries of Agriculture to improve national policy and regulatory environment through the following:

- Scale up the Bank’s support to the existing Agricultural Management Training for Africa (AMTA) Package to strengthen the Ministries capacity to design appropriate policies, capacity for project design and implementation, monitoring and evaluation capacity;
- Establish or strengthen Agricultural Training Units in the respective ministries with related requisite tools which can undertake needs assessment to reinforce capacity building at decentralised levels in the RMCs, increased capacity for statistical data base management and improved monitoring and evaluation of agriculture support at the community level, as well as developing and managing Early Warning Systems especially for climate change mitigation and adaptation as well as natural disasters;
- Provide, through Bank projects, project management systems including issues of financial and technical management;
- **Country ownership for gender mainstreaming** and gender equity will be promoted through allocating support to gender mainstreaming related capacity building within the ministries of agriculture at all levels including at the district and community levels.

3.4.2 The Bank will also engage in **policy dialogue** with RMC governments to honour the commitments they entered into in Maputo “to ensure that not less than **10 per cent of their national budgets** are allocated towards the development of the agricultural sector”. African Regional Institutions, Regional Economic Communities (RECs) need to be supported to strengthen their capacities to respond to the food crisis. Specifically the Bank will dialogue on:

- Removing remaining **trade barriers** such as tariffs among members of the RECs to enable free movement of food from countries with surplus to those experiencing deficit. In particular, identify (with RECs) priority areas for trade facilitation and standards (SPS) related issues for the Aid for Trade (AfT) initiative as well as concluding on EPAs;
- Removing **barriers to free human movement** across the borders and opening unutilized land for cultivation by neighbours;
- Promoting **intra-continental production and trade** of agricultural inputs, especially fertilizer, in order to improve economies-of-scale, expand the continental market and reduce cost of inputs to farmers (prohibitive input prices are a major deterrent to their use), in particular continue to work towards an early conclusion of the Doha Round in the WTO;
- Stepping up **adaptive research** on existing research findings across borders to increase crop yields and **encourage dietary practices** which use traditional crops such as yams, cassava, sweet potatoes, sorghum, millet, especially crops that are drought resistant.
- Managing **well targeted smart subsidies** for key agricultural inputs such as fertilizer and seeds while encouraging use of farm animal and compost manure (integrated crop/livestock farming systems). This would include **reviewing tax regimes and policies on** food processing and marketing of the main food staples in the countries e.g. to millers, transporters
- Provide advice and guide RMCs on issues related to the impact and opportunities related to **bio-fuels** as well as provide advice on measures that are in favour of sustainable food security within this discourse;

- Establish **dialogue on land reforms** especially targeting property rights for female farmers;
- Increasing **government response to social protection measures** that focus on early childhood nutrition to mitigate risks associated with reduced food access, particularly for the poorest households such as school feeding programs.

3.5 Stimulating Investments Through the Private sector and Public/ Private Partnerships

3.5.1. The Bank's Private Sector interventions focus on providing lines of credit to local banks for on-lending to agricultural producers. For large projects, the Bank deals directly with the private sector entities. The Bank's strategy seeks to support strategic partners (companies with proven track record in the various agricultural sub-sectors - oil palm, sugar, rubber, etc) who work with small-holder / outgrower farmers. Through this collaboration, the strategic partners provide technical and management support to the farmers including the supply of inputs (usually on credit). They further offer training to enhance the small holder farmers' productivity. In addition, the strategic partners, who often operate processing facilities, offer ready markets for the produce of the small holder farmers (See Annex 4 for examples of projects in the pipeline).

3.5.2. With regard to infrastructure development, the Bank will pursue more Public-Private Partnerships (PPP) for agricultural development. For the coming years with the predicted high food prices, many financial investors will contribute funds and this will contribute to changing the whole landscape of the agriculture sector. In particular, the Bank will:

- Mobilise private equity providers in order to increase the level of investments in the agriculture sector and help to modernize infrastructure and marketing. In that regard, the private sector department has in its pipeline a project aimed at participating in an Agribusiness Investment Fund with a fund size of Rand 700 million.
- Intensify agricultural development through the PPP approach which should be encouraged to attract soft loan for infrastructure and social development.
- Promote SME's, especially in agri-business, through expanding financial intermediation (lines of credit, guarantees) to local banks, particularly agricultural development banks, to enable them extend long-term financing to agricultural producers;

Actively support the development of fertilizer projects. In that regard, the private sector department is following-up a pipeline of projects in Tunisia, Nigeria, Senegal, Congo Brazzaville and Algeria. The total cost of investment of this pipeline is nearly \$5 billion.

3.6 Operationalising the African Fertiliser Financing Mechanism (AFFM)

3.6.1 **This medium term response will contribute to increased food security and help farmers to take advantage of the high food prices.** The Framework and the Legal Instrument for the establishment of AFFM have been endorsed by the Board of Governors in March 2008. Action is underway to accelerate the implementation (expected by end 2008) of this mechanism to respond to the current demand for fertilisers created by the food crisis. Given the limited resources actually available (**UA 5 million**)⁵ in the Facility, its support will be geared, first towards facilitation and technical studies to attract private investors into the area of manufacturing, procurement and distribution, as well as technical advice to member countries, especially to assist in designing targeted smart subsidies for fertilisers. As a priority

⁵ To date only UA 5 million are available which is the Bank's allocation from the Net Income. The pledges so far made, including from the Government of Nigeria, are yet to be received by the Bank.

the Bank will facilitate and play a catalytic role in mobilising investment activities in the following areas: (i) promoting national/regional production and intra-regional fertilizer trade; (ii) providing credit guarantees for fertilizer importers and distributors; and (iii) improving the access to fertilizer use of small-scale farmers, especially women.

3.6.2. Furthermore, efforts are under way to bring together a number of RMCs, the fertiliser industry; regional development banks, commercial banks, AFRIEXIM bank and development partners to put in place the first **Regional Fertiliser Procurement Facility (RFPF)** before end 2008. This Facility will bring together groups of RMCs to negotiate for bulk purchase of fertilisers in order to benefit from transportation and other related cost efficiencies. Kenya, Rwanda, Tanzania and Uganda have already initiated some activities in this regard and have expressed their interest to work with AfDB and other partners to further coordinate the work of this Facility. An Africa Fertiliser Needs Assessment will kick-start the work towards establishing this RFPF.

3.6.3 Specifically, in the short term, four key operations were identified to potentially *benefit from technical support under the AFFM*. These are:

- **Algeria:** Establishment of Two Fertilizer Plants: Two ammonia / urea production plants will be constructed for a total cost of USD 4.6 billion. The first plant will produce 1.1 million tons / year. The second facility will have a production capacity of 770,000 tons / year.
- **Tunisia:** a phosphoric acid production plant with a capacity of 360 000 tons/year and total cost of EUR 220 million will be constructed.
- **Mozambique:** a USD 1.9 billion fertiliser plant will be constructed in the southern province of Inhambane.
- **Multinational:** a regional fertiliser holding warehouse will be established at the Port of Beira, in Mozambique to serve small and large importers in Mozambique, Malawi, Zambia and Zimbabwe.

3.6.4. Similar facilities aimed at increasing fertiliser production capacity and improving fertiliser supply and access are planned in other RMCs including Congo, Mauritania, Madagascar, Nigeria and Egypt. The AFFM will co-finance these initiatives and: (i) support policy reform to create an enabling environment for the growth of a competitive fertiliser sector in the region; (ii) support institutional capacity building and human resource development; (iii) promote increased, efficient and environmentally safe use of fertilisers; (iv) address fertiliser supply as well as demand sides constraints; and (v) promote initiatives to maintain and improve soil fertility and protect the environment.

3.6.5 *The establishment and staffing of the Coordination Unit of AFFM is a priority action.* OSAN is in the process of recruiting staff and consultants to immediately kick-start the AFFM. A coordinator will be recruited shortly to be administrative head of the Coordination Unit. The Bank's AFFM will design interventions which **proactively reach out to female farmers** and ensure that at least 50% of the beneficiaries are women farmers.

3.7 Agriculture Research, Science and Technology

3.7.1. **The Bank will help strengthen agriculture research and operationalisation of findings which contribute to increased food productivity and security through project interventions estimated at UA 195.3 million.** In Africa, science and technology for agriculture suffers from often inefficient and under funded science and technology institutions and because of rapid changes in the international research environment towards biotechnology and private agricultural research. The Bank will contribute to supporting African technological approaches which are unique to the specific African agricultural environments. Some experts no longer talk of a green revolution, but of a 'rainbow' revolution for Africa.

No single commodity or technology alone will provide the solution. Combined with relatively poor climate and resource base and the large number of stress factors affecting productivity, this will require more, rather than less research than in other Regions. Helping African farmers adapt and manage risk caused by increasing climate variability and changes are integral elements of an agricultural Science and Technology development agenda.

3.7.2 *Institutional Landscape:* There is a severe and persistent under-funding of public research, despite high returns to agricultural research in Africa. NEPAD, FARA, and Sub-Regional Research Organizations (SROs) such as CORAF/WECARD for West and Central Africa, ASARECA for Eastern Africa, and SADC/FANR for Southern Africa are taking the lead but remain under-resourced. Sub-Saharan Africa alone has over 400 public and private entities engaged in agricultural research, of which 200 are public research institutions, and another 200 are universities. But many are understaffed.

3.7.3 *FARA:* In 2001 the three SROs established the Forum for African Agricultural Research (FARA). FARA has been entrusted by the African Union and NEPAD to coordinate Agricultural Research and Technology Dissemination of CAADP. FARA has developed the Framework for African Agricultural Productivity (FAAP) that sets out guiding principles for how research is to be fostered, institutionalized and financed in Africa. The AfDB is already supporting FARA with a USD 25 million programme aimed at improving networking and science and technology capacity building of associated National Agriculture Research Systems.

3.7.4 *Agricultural education and training:* The Bank, through its framework on higher education and vocational training will increase investments in science and technology meant to strengthen agricultural educational systems. This support will also be extended at the regional level with specific investments in indigenous scientific capacity in regional centres of excellence. Success and pay-off of new technologies will be measured by farm level adoption and gains in crop yields and livestock productivity. A large part of technology development needs to be targeted towards adoption and promotion of adapted, rightly scaled, and affordable technologies by smallholder farmers who constitute more than 90% of farming, and here, in particular, by the many women farmers in Africa. The Bank will kick-start its support in this area with the **Projet Développement Lycée Agricole in Benin for UA 20 million.**

3.7.5 Agriculture research will be complemented by developing **knowledge products** which would identify constraints to agriculture development in Africa. The knowledge products would also fill the many gaps that still remain in the analysis related to Africa and the recent crises including the increases in oil prices. The analytical work will continue the sharpening of understanding of the multitude of factors involved, especially in view of future preventive action. Under the leadership of the Chief Economist, the Bank will develop several knowledge products, such as:

- Study the transformation of African smallholder agricultural systems
- Impact of Agriculture policies on African Agriculture
- The global agriculture governance system and its relevance for African agriculture

3.8 Crisis Response Facility (CRF)

3.8.1 **The Bank will, through the CRF, contribute to accelerated stabilisation of RMC economies exposed to crises such as food, oil and other commodity price shocks.** The CRF is still a work in progress and is likely to be in place by 2010. The Facility is expected to respond to the crisis such as commodity price changes globally, macroeconomic stress as a result of commodity price changes, and/ or regional trade disruptions as a result of conflict. It would aim to provide accelerated macro-economic relief to mitigate the impact of external shocks on the poor. While other partners have proposed similar approaches, the CRF would be a dedicated Facility to Africa and would be created exclusively to provide financial

assistance in the context of such crises and would provide fast disbursing compensatory financial assistance to affected countries. The financing provided by the facility will focus on the alleviation of the budgetary burden resulting from crises or the policy or reform actions required to reduce the country's vulnerability to such economic shocks. The Bank Group may also be guided in this regard by shock facilities created by the IMF, the European Union Commission and the Bank itself⁶.

3.8.2 The Board of Directors are invited to take note of this response measure which will be further developed for the approval of the Board of Directors and eventually the Board of Governors.

4. PARTNERS' RESPONSE AND COORDINATION

4.1. The Bank organised a conference (June 26 and 27, 2008) of partners under the title of "Revitalising African Agriculture: Implications for Addressing the Food Crisis". The objective of the meeting was to review partner experiences in addressing the current food crisis and to provide the MDB-Task Force meeting with an RMC driven call for donor support. Participants (see annex 5 for list of participating institutions):

- Recognized the need to address the food crisis in a coordinated, comprehensive, sustainable and holistic manner that facilitates food and nutrition security, taking into account (i) Short Term Operational Responses; and (ii) Medium to Long Term Operational Responses.
- Agreed that the countries should play a central role in terms of ownership and leadership in coordinating donor support and increased information-sharing and the process of managing for results which are crucial for achieving aid effectiveness.
- Agreed that the stock taking and mapping matrix prepared by the AfDB and the mapping of external financing of agriculture and food security prepared by FAO on behalf of the MDG-TG (A&FS) are useful and important tools to help Development Partners coordinate their support at the continental level. The mapping update should be eventually institutionalized within the framework of CAADP and hosted in one of the specialized international organizations and the activity should be updated on an annual basis as a tool for planning resource flows.
- Requested WFP (lead), FAO, IFPRI, UNCTAD, FEWSNET, national institutions and other specialized institutions to report on the food security situation in Africa by end of July 2008.

4.2 The following are actions agreed by the partners during the meeting

- Towards rapid results during this crisis period (over the next one year), development partners should consider, where appropriate, using the implementation systems of sister institutions which will engender quick implementation of programme/project activities of member countries.
- To allow an informed decision on the division of labour, proceed to exchange information, among the development partners particularly the MDBs, and where possible, DAC and non DAC donors) on:
 - Harmonise responses for assisting the RMCs in the context of rising food prices including joint missions and the potential role of FAO.

⁶ The IMF's Exogenous Shock Facility (ESF) and Compensatory Financing Facility (CFF), the European Union Commission's FLEX, and the Arab Oil Fund administered by the Bank.

- Sharing of areas of common interests, strategic directions, project and programme pipelines, and business plans to facilitate agreement on division of labour, complementarity and possible co-financing of projects and programmes similar to the agreement between AfDB-IFAD.
- Existing and planned sectoral studies to avoid duplication of effort.
- Staff resources for possible joint missions and other sectoral works.
- Share the lessons learned from the ADB-IFAD Joint Evaluation and the earlier Review of the WB Agriculture Portfolio to inform future support to agriculture.
- Identify possible areas of collaboration and complementarities, following the model of during the IFAD/AfDB retreat in May 2008 building on joint reviews of ongoing and pipeline agriculture portfolio.
- Development Partners should share among themselves and CAADP their priority list of countries which they are willing to support in addressing the food crisis and that national Action Plans initiated in Pretoria should be completed by the end of July 2008 and validated by the respective ministers of finance and shared with all partners.
- The need for strengthening the NEPAD/CAADP mechanism is critical and its extent needs to be established

4.3 The partners identified the following next steps:

- Similar to the AfDB-IFAD exchange of information on programmed project pipeline, the World Bank as well as the Islamic Development Bank will proceed to carry out similar exercise for their operations in Africa. Other institutions may also wish to do so.
- A core group from the MDBs will take up these recommendations and follow up actions and explore options for an improved division of labour and further develop them for the Accra HL meeting on Aid Effectiveness (2-4 September 2008). The Global Platform for Rural Development will explore the possibility of using round table 8 on food prices.
- The AfDB would work closely with UN-MDG Africa Thematic Group on Agriculture and Food Security, who is undertaking complementary efforts.
- The development partners (MDBs, DAC and Non DAC donors) will communicate to AfDB and FAO the necessary information to enable the completion of the mapping exercise and external flow of financing well ahead of the Accra Meeting.

5. IMPLEMENTATION ARRANGEMENTS, RISK MITIGATION AND MONITORING AND EVALUATION

5.1. Implementation Arrangements

5.1.1 The concerned RMCs will be the owners of this process and as such their buy-in will be the starting point for this intervention. Participating RMCs in the Tunis meetings (25 and 26 June 2008) and have already requested Bank support to respond to the escalating food prices. The Bank will work with the concerned countries to guide them on the operational modalities and to accelerate the proposed realignment before the upcoming planting season. The implementation of this measure will be led by the field offices and OSAN will play a coordinating and monitoring role. In order to ensure timely implementation and effective coordination with different stakeholders and partners for enhanced service delivery, OSAN will require two additional staff dedicated to the implementation of the Bank's AFCR.

5.2. Critical Risks and Mitigation Measures

5.2.1. It is recognized that the implementation of the AFCR will be confronted with several risks. Risk associated with implementation may include that this will often occur in situations where public finance management is not at the level desired (e.g. in some of the fragile states). This risk will be mitigated by a closer supervision of the control environment and more frequent audits to ensure that resources are well spent for the purposes intended.

5.2.2. Another risk is that due to certain factors (e.g. lack of existence of an agricultural portfolio that can be realigned) some of the more needy countries, such as those in the 1st quartile may not have a wide enough menu of tools from which to choose. This risk is partly mitigated by the proposed allocation from the surplus account and through closer coordination with donor partners, so that they can help close the financing gap through their activities.

5.2.3. The risk of the potential slowness of the response should also be considered. Here, as indicated earlier, Management intends to request for certain flexibilities in procedures from the Boards of Directors as exceptional measures.

5.2.4 Poor targeting of the proposed agricultural inputs can also constitute a risk whereby richer segments may equally profit. The Bank will work carefully (especially through field offices and partners) with Governments to ensure adequate targeting of assistance.

5.3 Monitoring and Evaluation

5.3.1 The Results Framework (see Annex) will constitute the basis for monitoring of the results of the AFCR on the ground. The primary responsibility for M and E will lie with OSAN, supported by the relevant field offices. The various inputs will be monitored in addition to the results. Potential problems in implementation will be identified early enough in order to allow corrective action. Progress reports will be developed on a quarterly basis and shared with countries, Regional and Sector Directors, and the Boards of Directors. Since this activity was not foreseen during preparations for the 2008 budget, one staff will be required to be fully responsible for this important function.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 The Africa Food Crisis Response (AFCR) is the Bank's framework to the current food crisis. It spells out the Bank's support to RMCs in the short, medium and long term with the objective of availing food security to all countries. As outlined, the AFCR will, in the short term, provide support to increase food productivity in the coming planting season through providing increased inputs using the various instruments described therein, namely: realignment of the existing portfolio, increased and accelerated disbursements under budget support operations, and providing a special allocation from the Surplus Account.

6.2 In the medium to long term, the Bank will continue to support increased agriculture productivity through diverse instruments, such as: (i) the increased uptake of NERICA rice, (ii) kick-start the AFFM, (iii) reduction in post harvest losses and increased agro-processing, (iv) increasing access to water for agriculture, (iv) capacity building of RMC ministries of agriculture, (iv) policy dialogue for increased RMC preparedness for future shocks including trade issues.

6.3 Management seeks the **endorsement** of the Board of Directors for the proposed Africa Food Crisis Response Framework, which would provide support to food crisis affected countries in the **short term** to the value of **UA 471.97 million** and in the **medium to long term** to the value of **UA 1.4 billion**.

6.4. The Board of Directors are further requested to approve the following recommendations:

- (1) The Board(s) of Directors is hereby requested to delegate the authority to the President to approve the following measures of flexibility for accelerated delivery of Bank Group support:
 - a) Approval of the Summary Revised Proposal on the use of the released resources for Batch (B) projects which are from the non-agriculture sectors, with subsequent reports of such approvals provided to the Board of Directors for information;
 - b) Approval of the use of National/International Shopping procurement method with a 15 day bid period and post review for single contracts up to UA 1.5 million (See Annex 1 for details), both for Batch (A) and (B) projects,
 - c) Authorize direct purchase of inputs from an eligible supplier awarded a contract for the supply of similar inputs in the same country, which contract was awarded following competitive procedures by a Partner, MDB, or UN institution, and to allow the concerned country/project to use the existing contractual arrangement and price of such supplier for the delivery of the required inputs required.
- (2) Furthermore, given the urgent nature of the Budget Support operations proposed herein, Management requests that the Board of Directors approve a reduction of the review period for documents for consideration by the Board of Directors from at least twenty-one (21) days before the scheduled date of the Board meeting at which the proposal would be considered, to one (1) week.
- (3) As part of the AFCR framework, Management proposes that the Board of Directors of the Bank recommend to the Board of Governors, for consideration by non-objection, on an exceptional basis, an allocation from the Surplus Account for certain of the Budget Support and/or Balance of Payment Support operations recommended in this report.

Annex 1: Procurement Arrangements for Realignment of Existing Portfolio

1. Generally the procurement method for purchase of seeds and fertilizers is Shopping, because the suppliers of such items for the different world markets are generally well known and established. Moreover it is clear that the scale of the impacts on human health and food production that would result from using non reliable sources does not allow for any wide and unrestricted competition.

2. The Bank's rules for national or international shopping procedures require a bidding period of 30 days minimum in the first instance and 45 days in the second. It is useful to note however that the new Rules and Procedures for the procurement of goods that will come into effect on October 1st, 2008, allow expressly abbreviated bidding periods in contexts of disasters and emergency assistance. **The urgent nature of the food prices issue clearly justifies a shorter bidding period than those mentioned above and a 15 days period is deemed sufficient for potential suppliers to search from their best sources and prepare responsive bids.** The regional member countries are very familiar with the Shopping procedure of the Bank and as such we do not foresee any difficulty in its implementation. The familiarity of the RMCs with the Shopping procedure also lays ground for the Bank **to authorize Post - instead of the usual Prior – Review for contracts up to UA 1.5 million.** The Borrower will be requested to conduct the whole procurement process, however retaining all documentation with respect to each contract for future inspection by the Bank. This documentation will include the list of suppliers invited to bid, the bidding document, the analysis of the respective proposals and recommendations for award and one signed original contract as well. The Shopping procedure with a reduced bidding period of 15 days combined to Post Review will definitely provide an appropriate response to the urgent character of the procurement processes. It is estimated that using the above described procedure a procurement process can be initiated and a contract signed within 30 days.

ANNEX 2: VULNERABILITY ASSESSMENT

1. Vulnerability and Classification of Countries

1.1 Bank responses to the rising food prices require an objective and transparent measure of vulnerability. In this context, the vulnerability of Regional Member Countries to high food prices was assessed, in the first instance, in terms of (i) *cereal balance*, (ii) *degree of urbanization*, (iii) *cereal import dependency* and (iv) *ability to pay*. On the basis of the urban and cereal import dependency vulnerability index (last column of Table 2 below), and using 2007/8 data, countries are classified into four quartiles – quartile 1 representing the most vulnerable countries (see Table 1 below).

Table 1: Country Categorization of Vulnerability

VULNERABILITY ASSESSMENT			
1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile
1) Liberia	1) Ghana	1) Benin	1) Chad
2) Zimbabwe	2) Comoros	2) Central African Republic	2) Gabon
3) Guinea-Bissau	3) Senegal	3) Lesotho	3) Ethiopia
4) Eritrea	4) Mozambique	4) Uganda	4) Seychelles
5) The Gambia	5) Cape Verde	5) Sudan	5) Angola
6) Congo (DRC)	6) Morocco	6) Egypt	6) South Africa
7) Djibouti	7) Burkina Faso	7) Tunisia	7) Botswana
8) Sao Tome & Principe	8) Cameroon	8) Algeria	8) Equatorial Guinea
9) Burundi	9) Côte d'Ivoire	9) Mauritius	9) Namibia
10) Togo	10) Rwanda	10) Mali	10) Tanzania
11) Niger	11) Congo, Republic	11) Zambia	11) Guinea
12) Mauritania	12) Kenya	12) Swaziland	12) Malawi
13) Sierra Leone	13) Nigeria	13) Libya	13) Madagascar

Source: African Development Bank 2008. Note: Somalia is not included because of lack of data.

1.2 Table 1 reveals that 8 out of the 9 Regional Member Countries of the Bank which are classified as fragile (Burundi, Côte d'Ivoire, Comoros, Democratic Republic of Congo, Guinea Bissau, Liberia, Sierra Leone and Togo, ADF/BD/WP/2008/10) fall in the first and second quartiles. In addition, Central African Republic is ranked 2nd in the third quartile. This finding is not surprising as fragile states have weak capacity, and a number of them are emerging from conflicts which severely damaged their economies and safety-nets. Fragile states are thus less able to cushion their populations from rising food prices. Given the need to better target scarce Bank resources with the aim of achieving the best outcomes, it appears that fragile states need special treatment in tackling high food prices.

1.3 Moreover, although there is no data on Somalia, there is enough evidence to also include it among countries which require special attention. For these reasons, Table 1 is amended to isolate fragile states and Somalia. The new classification is in Table 2.

Table 2: Amended Assessment

VULNERABILITY ASSESSMENT				
Very High	High	Medium	Low	Fragile States and Somalia
1) Zimbabwe	1) Ghana	1) Benin	1) Chad	1) Liberia
2) Eritrea	2) Senegal	2) Lesotho	2) Gabon	2) Congo (DRC)
3) The Gambia	3) Mozambique	3) Uganda	3) Ethiopia	3) Guinea-Bissau
4) Djibouti	4) Cape Verde	4) Sudan	4) Seychelles	4) Burundi
5) Sao Tome & Principe	5) Morocco	5) Egypt	5) Angola	5) Togo
6) Niger	6) Burkina Faso	6) Tunisia	6) South Africa	6) Sierra Leone
7) Mauritania	7) Cameroon	7) Algeria	7) Botswana	7) Comoros
	8) Rwanda	8) Mauritius	8) Equatorial Guinea	8) Côte d'Ivoire
	9) Congo, Republic	9) Mali	9) Namibia	9) Central African Republic
	10) Kenya	10) Zambia	10) Tanzania	
	11) Nigeria	11) Swaziland	11) Guinea	
		12) Libya	12) Malawi	
			13) Madagascar	(*) Somalia

Source: African Development Bank 2008. Note: Somalia is not included because of lack of data.

Methodology of the Vulnerability Analysis

1.1 The cereal vulnerability analysis is based on vulnerability indicators aggregating cereal balance, cereal import dependency, degree of urbanization and ability to pay for food imports. The differential impacts of each of the vulnerability indicators are also indicated.

1.2 The vulnerability indicator takes into account a country's cereal balance which is simply determined via the difference between cereal availability and requirements. Furthermore in order to reflect the country's ability to cope with this shortage through imports the cereal balance is set against its GDP. Thus, the more negative the **cereal balance to GDP ratio**, the more difficult it is for a country to pay for its cereal requirements as it would have to devote a higher proportion of its income to ensure national food security. Notwithstanding the importance of the ability of a country to pay for food requirements, the greater the degree of urbanization the greater will be the amount of marketed food.

1.3 **Urban populations** are generally net food buyers and this tends to worsen the position of the urban poor. The burden that governments face when there is a greater degree of urbanization gets amplified when food prices increase. Thus, an urban-weighted measure of vulnerability capturing the interaction between cereal balances and urbanization was constructed. It is also noted that a country's **import dependency** will have some impact on foreign currency resources that would be required to meet requirements. The share of imported cereals in total requirements is thus considered as an additional burden on a country. Consequently this additional aspect amplifies the vulnerability level. The higher a country's cereal import dependency the higher its vulnerability regarding rising cereal prices. Finally, to take into account relative poverty abilities to pay into account, the urban and dependency index is normalised by **GDP per capita**. Countries with higher per capita income will have their vulnerability level reduced more than those with lower per capita income.

Annex 2a Table 1: Cereal Balance (Values in million) (2007/08)

Country	Cereal Production	Cereal Imports (contracted or delivered)	Cereal Exports	Cereal Availability	Consumption (Food)	Consumption (Non-Food)	Requirements	Cereal Balance	Anticipated Imports	Cereal Balance/GDP	Cereal Import Dependency ¹	Current Account Balance/GDP ²	Fiscal Balance/GDP ²
	(I)	(II)	(III)	(IV)-(I)+(II)-(III)	(V)	(VI)	(VII)-(V)+(VI)	(VIII)-(IV)-(VII)	(IX)	(X)-(VIII)/GDP	(XI)-(IX)/(VII)	(XII)	(XIII)
	USD Million				USD Million			USD Million	USD Million	Percentage	Percentage	Percentage	
Algeria	1,462	924	24	2,362	2,966	869	3,835	-1,473	2,499	-1.1	65	21.6	11.4
Angola	188	194	28	353	432	32	464	-110	267	-0.2	58	17.7	10.0
Benin	278	22	77	222	212	63	275	-52	80	-0.9	29	-5.5	-2.0
Botswana	7	80	0	87	97	1	98	-11	94	-0.1	96	21.0	7.1
Burkina Faso	824	2	80	746	710	131	841	-95	98	-1.3	12	-13.9	-6.0
Burundi	81	10	0	90	97	11	108	-18	24	-1.9	23	-14.2	0.7
Cameroon	416	22	49	389	545	116	660	-271	281	-1.3	43	0.2	4.5
Cape Verde	1	1	-	2	29	0	30	-27	21	-2.0	72	-11.5	-2.3
Central African Republic	51	5	0	56	59	5	64	-8	14	-0.5	21	-3.4	-2.7
Chad	477	2	70	409	320	103	423	-14	23	-0.2	5	-9.9	0.8
Comoros	8	11	1	18	23	1	24	-6	18	-1.3	73	-3.7	-2.0
Congo, Dem. Rep.	409	1	1	409	544	72	617	-208	237	-2.0	38	-6.9	2.2
Congo, Republic of	2	6	0	8	129	5	134	-126	126	-1.5	94	16.8	15.1
Côte d'Ivoire	665	122	46	741	849	88	937	-196	513	-1.0	55	4.1	0.3
Djibouti	0	1	14	-13	31	0	31	-45	27	-5.4	85	-14.5	-1.6
Egypt	7,508	1,186	481	8,213	7,819	2,626	10,444	-2,231	2,956	-1.7	28	2.1	-5.7
Equatorial Guinea	-	3	2	1	9	0	9	-8	10	-0.1	109	-2.4	22.8
Eritrea	53	34	0	86	162	9	171	-85	98	-7.9	57	-3.7	-18.1
Ethiopia	4,186	0	186	4,001	3,256	756	4,012	-12	22	-0.1	1	-10.2	-3.1
Gabon	7	6	0	13	61	17	78	-65	70	-0.6	89	19.8	9.6
Gambia	51	14	17	47	80	10	90	-43	53	-6.8	58	-21.8	1.8
Ghana	403	32	79	356	580	81	661	-305	268	-2.1	41	-6.9	-8.2
Guinea	827	13	72	768	471	274	745	23	200	0.5	27	-8.7	1.0
Guinea-Bissau	63	9	6	66	77	10	86	-20	34	-5.5	40	-12.7	-17.3
Kenya	778	95	4	869	1,166	111	1,277	-407	290	-1.4	23	-1.7	-1.7
Lesotho	17	60	0	77	86	1	87	-10	63	-0.6	72	1.6	7.7
Liberia	68	18	1	85	143	11	154	-69	71	-9.7	46	-20.1	1.5
Libya	52	229	0	280	401	325	727	-446	675	-0.7	93	28.3	40.2
Madagascar	1,660	95	3	1,753	1,176	79	1,255	498	106	6.8	8	-12.5	-3.5
Malawi	806	35	122	719	483	159	642	77	35	3.0	6	-4.0	-1.5
Mali	965	4	34	935	796	154	950	-15	120	-0.2	13	-5.5	-1.0
Mauritania	49	26	11	64	131	40	171	-108	117	-3.9	68	-6.8	-2.8
Mauritius	0	19	16	3	73	20	93	-91	109	-1.2	117	-5.4	-4.3
Morocco	834	518	20	1,332	2,641	832	3,473	-2,141	1,380	-2.9	40	3.1	-3.4
Mozambique	507	217	32	692	671	97	768	-77	281	-1.0	37	-10.2	-5.1
Namibia	27	49	0	75	71	3	74	2	50	0.0	68	15.5	1.9
Niger	823	4	11	816	761	164	924	-108	78	-2.5	8	-7.1	-0.8
Nigeria	6,651	84	151	6,584	6,323	1,798	8,121	-1,537	1,996	-1.2	25	4.0	5.6
Rwanda	101	20	0	121	122	21	142	-21	45	-0.8	32	-5.8	-0.4
Sao Tome & Principe	1	1	-	2	6	0	6	-4	4	-4.5	69	-64.9	-11.9
Senegal	288	98	1	385	532	55	587	-203	350	-1.9	60	-8.3	-5.5
Seychelles	-	1	0	1	3	1	4	-3	4	-0.4	100	-30.4	-5.8
Sierra Leone	264	6	0	270	249	40	289	-20	108	-1.2	37	-6.7	-3.4
Somalia	38	1	2	38	174	33	206	-169	130	NA	63	NA	NA
South Africa	2,394	880	152	3,123	2,450	1,140	3,589	-467	1,125	-0.2	31	-6.8	0.8
Sudan	1,337	165	43	1,460	1,568	303	1,872	-412	459	-0.9	25	0.0	-3.8
Swaziland	6	30	4	32	45	4	49	-17	37	-0.6	76	0.2	-2.0
Tanzania	1,404	167	106	1,465	1,243	185	1,428	38	223	0.3	16	-11.8	-4.5
Togo	215	9	52	172	181	38	219	-46	222	-1.8	101	-6.4	-2.5
Tunisia	688	183	50	821	870	562	1,432	-611	543	-1.8	38	-0.5	-3.1
Uganda	594	0	75	519	540	60	599	-81	32	-0.7	5	-3.8	-2.8
Zambia	353	12	64	301	295	37	332	-31	22	-0.3	7	-4.1	-1.8
Zimbabwe	277	147	4	421	478	67	545	-124	169	-2.6	31	-0.9	-24.6
Total Africa	39,164	5,872	2,193	42,843	43,238	11,618	54,856	-12,013	16,877	-1.0	31	-	2.8

Source: AfDB Statistics Department, FAO (2008)

Note: Countries differ with respect to the marketing year, 2007/08 or 2008, depending on data availability. 2006 production data used for: Wheat: Botswana, Cameroon, Mauritania, Mozambique, Somalia, Swaziland; Rice: Ethiopia, Gabon, Swaziland; Maize: Djibouti, Mauritius. Products included in the food category are wheat, rice and coarse grains. It is assumed that coarse grains are mainly composed of maize. Thus, the world price for maize is used to compute the value of coarse grains. Cereal Balance is defined as domestic production plus food imports (contracted or received) minus domestic food and non-food consumption, and exports. Accordingly a negative value represents a deficit, while a positive value represents a surplus.

¹ A value exceeding 100 is due to stock build up, exports and/or re-exports from further processing sectors.

² 2007, Excluding debt relief

Annex 2b Table 2: Vulnerability Indices Summary

	Country	Vulnerability Indices										Quartile
		Cereal Balance/GDP	Cereal Dependency	Share of urban population	2007 GDP per capita	Urban weighted	Dependency weighted	Urban and dependency weighted	Urban and dependency weighted	GDP per capita deflated by	Current Account Balance/GDP	
1	Liberia	-9.69	0.46	0.59	357	-15.42	-14.16	-22.54		-6.31	-20.1	1 st
2	Zimbabwe	-2.62	0.31	0.37	188	-3.59	-3.44	-4.70		-2.49	-0.9	1 st
3	Guinea-Bissau	-5.50	0.40	0.30	484	-7.13	-7.70	-9.98		-2.06	-12.7	1 st
4	Eritrea	-7.87	0.57	0.20	774	-9.48	-12.35	-14.88		-1.92	-3.7	1 st
5	Gambia	-6.75	0.58	0.56	1,326	-10.52	-10.69	-16.65		-1.26	-21.8	1 st
6	Congo, Dem. Rep.	-1.97	0.38	0.33	309	-2.62	-2.72	-3.63		-1.18	-6.9	1 st
7	Djibouti	-5.38	0.85	0.87	2,271	-10.06	-9.94	-18.57		-0.82	-14.5	1 st
8	Sao Tome & Principe	-4.53	0.69	0.60	1,565	-7.25	-7.66	-12.25		-0.78	-64.9	1 st
9	Burundi	-1.89	0.23	0.10	372	-2.08	-2.32	-2.55		-0.69	-14.2	1 st
10	Togo	-1.83	1.01	0.41	806	-2.59	-3.69	-5.21		-0.65	-6.4	1 st
11	Niger	-2.53	0.08	0.16	667	-2.94	-2.75	-3.19		-0.48	-7.1	1 st
12	Mauritania	-3.86	0.68	0.41	2,008	-5.44	-6.49	-9.15		-0.46	-6.8	2 nd
13	Sierra Leone	-1.18	0.37	0.38	692	-1.63	-1.62	-2.24		-0.32	-6.7	2 nd
14	Ghana	-2.06	0.41	0.49	1,426	-3.07	-2.89	-4.31		-0.30	-6.9	2 nd
15	Comoros	-1.35	0.73	0.28	1,125	-1.72	-2.33	-2.98		-0.27	-3.7	2 nd
16	Senegal	-1.85	0.60	0.42	1,685	-2.63	-2.95	-4.20		-0.25	-8.3	2 nd
17	Mozambique	-1.00	0.37	0.36	830	-1.36	-1.36	-1.86		-0.22	-10.2	2 nd
18	Cape Verde	-1.97	0.72	0.59	3,244	-3.13	-3.39	-5.39		-0.17	-11.5	2 nd
19	Morocco	-2.92	0.40	0.56	4,076	-4.54	-4.08	-6.35		-0.16	3.1	2 nd
20	Burkina Faso	-1.33	0.12	0.19	1,253	-1.58	-1.48	-1.77		-0.14	-13.9	2 nd
21	Cameroon	-1.26	0.43	0.56	2,088	-1.97	-1.80	-2.81		-0.13	0.2	2 nd
22	Côte d'Ivoire	-0.99	0.55	0.48	1,716	-1.47	-1.53	-2.27		-0.13	4.1	2 nd
23	Rwanda	-0.75	0.32	0.18	899	-0.88	-0.99	-1.16		-0.13	-5.8	2 nd
24	Congo, Republic of	-1.53	0.94	0.61	3,730	-2.46	-2.97	-4.78		-0.13	16.8	2 nd
25	Kenya	-1.36	0.23	0.21	1,699	-1.65	-1.67	-2.03		-0.12	-1.7	3 rd
26	Nigeria	-1.24	0.25	0.48	2,035	-1.83	-1.54	-2.28		-0.11	4.0	3 rd
27	Benin	-0.95	0.29	0.41	1,541	-1.33	-1.22	-1.72		-0.11	-5.5	3 rd
28	Central African Republic	-0.48	0.21	0.38	726	-0.66	-0.58	-0.80		-0.11	-3.4	3 rd
29	Lesotho	-0.59	0.72	0.25	1,285	-0.73	-1.01	-1.26		-0.10	1.6	3 rd
30	Uganda	-0.73	0.05	0.13	939	-0.83	-0.77	-0.87		-0.09	-3.8	3 rd
31	Sudan	-0.90	0.25	0.43	2,172	-1.28	-1.12	-1.60		-0.07	0.0	3 rd
32	Egypt	-1.74	0.28	0.43	5,491	-2.48	-2.23	-3.18		-0.06	2.1	3 rd
33	Tunisia	-1.77	0.38	0.66	7,473	-2.95	-2.45	-4.06		-0.05	-0.5	3 rd
34	Algeria	-1.10	0.65	0.65	6,533	-1.80	-1.81	-2.98		-0.05	21.6	3 rd
35	Mauritius	-1.23	1.17	0.42	11,152	-1.75	-2.66	-3.79		-0.03	-5.4	3 rd
36	Mali	-0.21	0.13	0.32	1,031	-0.28	-0.24	-0.31		-0.03	-5.5	3 rd
37	Zambia	-0.28	0.07	0.35	1,309	-0.37	-0.29	-0.40		-0.03	-4.1	3 rd
38	Swaziland	-0.63	0.76	0.25	4,836	-0.79	-1.11	-1.39		-0.03	0.2	4 th
39	Libya	-0.70	0.93	0.77	12,277	-1.23	-1.34	-2.38		-0.02	28.3	4 th
40	Chad	-0.21	0.05	0.26	1,675	-0.27	-0.22	-0.28		-0.02	-9.93	4 th
41	Gabon	-0.61	0.89	0.85	14,083	-1.13	-1.16	-2.15		-0.02	19.8	4 th
42	Ethiopia	-0.08	0.01	0.17	806	-0.09	-0.08	-0.09		-0.01	-10.2	4 th
43	Seychelles	-0.43	1.00	0.54	16,642	-0.67	-0.86	-1.33		-0.01	-30.4	4 th
44	Angola	-0.18	0.58	0.56	5,590	-0.28	-0.29	-0.45		-0.01	17.7	4 th
45	South Africa	-0.17	0.31	0.60	9,761	-0.27	-0.22	-0.36		0.00	-6.8	4 th
46	Botswana	-0.11	0.96	0.59	16,450	-0.17	-0.21	-0.33		0.00	21.0	4 th
47	Equatorial Guinea	-0.08	1.09	0.39	12,895	-0.11	-0.16	-0.23		0.00	-2.4	4 th
48	Namibia	0.03	0.68	0.36	5,189	0.03	0.04	0.06		0.00	15.5	4 th
49	Tanzania	0.26	0.16	0.25	1,256	0.32	0.30	0.37		0.03	-11.8	4 th
50	Guinea	0.48	0.27	0.34	1,074	0.64	0.61	0.81		0.08	-8.7	4 th
51	Malawi	2.97	0.06	0.18	785	3.51	3.13	3.71		0.47	-4.0	4 th
52	Madagascar	6.81	0.08	0.29	1,068	8.80	7.39	9.54		0.89	-12.5	4 th
53	Somalia	NA	0.63	0.36	NA	NA	NA	NA		NA	NA	
	Total Africa	-0.97	0.31	0.39		-1.35	-1.27	-1.77		-		

Source: African Development Bank, 2008

Annex 3: EXAMPLES FROM THE PRIVATE SECTOR PIPELINE

Multinational: Agribusiness Investment Fund (Agri Vie). A private equity fund which will make equity and equity-related investments in agribusiness companies in Sub-Saharan Africa. The Fund size is Rand 700 million and the Bank is considering an investment of Rand 100 million. The Bank will participate in the second and final closing which will be concluded by February 2009. Other investors include Sanlam Life Insurance, WK Kellogg Foundation, IDC, DBSA and IFC.

Morocco: Olea Capital. An agro-industrial project which was innovatively structured as a single-sector leveraged private equity fund. It seeks to establish olive oil farms over a total area of 10,000 ha throughout Morocco. The project is initiated by Credit Agricole du Maroc (CAM) and Société Générale Asset Management (SGAM) a subsidiary of Société Générale. The total project cost is Euro 158 million of which the Bank is considering a senior loan of Euro 34 million. Project implementation is already underway and planting will start in October 2009. Olea's production target is 30,000 tons of olive oil per annum, making it the largest producer and exporter of olive oil in Morocco.

Nigeria: Fertilizer/Ammonia project. It involves the expansion of Notore production capacity from 2,100 tpd of urea to 6,000 tpd in 3 phases: revamping capacity for 2,100 tpd; purchasing existing assets for additional capacity of 1,100 tpd of urea; and building a new plant with total capacity of 2,800 tpd of urea. The total project cost is USD 1.5 billion of which the Bank is considering a senior loan of USD 100 million. Notore is the key project sponsor and the other potential lenders include AFC, EIB and DEG. The produce will be sold on the domestic market. Under the project, a business linkage programme will be developed involving small-size enterprises for the local distribution of fertilizers.

Republic of Congo (Brazzaville): The Kouilou Potash Project in the Pointe Noire area will produce roughly 600 millions tons/year of potash, an important agricultural fertilizer. Kouilou is the only major potash deposit in Africa and will market roughly one third of its production in Africa. Target markets are in Southern, North and West Africa where demand is strongest. Total project costs are estimated at USD 980 million, and the Bank is considering a USD 100 million senior loan in collaboration with other partner DFIs, including EIB, DEG, Kfw, PROPARGO and FMO. Production is expected to start in 2011.

Senegal: The Emerging Capital Partners (ECP), the key investor, is mobilizing up to Euro 600 million in equity and debt to acquire, rehabilitate and expand a sugar company in Senegal as well as two flour mills located in Senegal and Côte d'Ivoire. The Bank intends to participate in the debt financing. The sugar company is currently producing 100,000 tons of sugar per annum mainly for the local market. The flour mills in Senegal and Côte d'Ivoire are producing 217,000 tons and 207,000 tons of flour per annum respectively. They are also targeted to the domestic market.

Mali: Markala Sugar Project. A sugar project structured as a PPP which seeks to establish a 14,000 ha irrigated cane estate, sugar mill, ethanol plant and a power co-generation facility. The project will involve outgrower farmers who will be provided training to enhance their skills. Project implementation is underway and 595 ha have already been planted. The project's annual target production volumes are as follow: 190,000 tons of sugar per annum, 15 million litres of ethanol and 30 MW of electricity. The sugar will be traded on both the domestic and UEMOA markets. The total project cost is estimated at USD 360 million of which the Bank is considering a commercial loan of USD 25 million for Sosumar (the industrial company) and a concessionary loan of USD 30 million for Caneco (the agricultural estate). The key sponsor is Illovo Sugar (South Africa), the leading sugar producer in Africa.

Tanzania and Mozambique: Green Resources Project. The project involves the development of forest plantations for the sequestration of carbon, production of forest products and the generation of renewable energy. The total investment cost USD 500 million and the Bank will consider a senior loan of USD 50 million. Additional information will be made available during the sponsor's visit to the Bank in July 2008.

Annex 4: List of Participating Institutions at the Meeting of the Multilateral Development Banks (MDBs) Taskforce Addressing the Current African Food Crisis (26 and 27 June 2008, Tunis).

1. Canadian International Development Agency (CIDA),
2. China Exim Bank,
3. DANIDA
4. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)/Federal Ministry for Economic Cooperation and Development
5. European Union
6. Food and Agriculture Organization of the United Nations (FAO)
7. Forum for Agricultural Research in Africa (FARA)
8. Global Donor Platform for Rural Development
9. International Centre for Soil Fertility and Agricultural Development (IFDC)
10. International Food Policy Research Institute (IFPRI)
11. International Fund for Agricultural Development IFAD,
12. International Monetary Fund (IMF)
13. Islamic Development Bank (IsDB),
14. Japan International Cooperation Agency (JICA)
15. NEPAD Secretariat
16. Norwegian Agency for Development Cooperation (NORAD),
17. The Netherlands, Ministry of Foreign Affairs.
18. U.S. Agency for International Development USAID,
19. UK - Department for International Development (DFID),
20. United Nations Conference on Trade and Development (UNCTAD)
21. United Nations Commission on Science and Technology for Development
22. United Nations International Children Fund (UNICEF)
23. West Africa Rice Development Agency (WARDA)
24. World Bank
25. World Food Program (WFP)

The Africa Food Crisis Response (AFCR)

Corrigendum

Executive Summary

- Paragraph 1 ó the last sentence should read as follows: ðOverall the AFCR is projected to avail approximately *UA 496.57 million* in the short termí í í ..ö
- Paragraph 2 ó roman (ii) use of budget support instrument for quick disbursements to RMCs (*UA 321.47 million*).
- Paragraph 5 should read: In conclusion, Management seeks the **endorsement** of the Board of Directors for the proposed Africa Food Crisis Response Framework, which would provide support to food crisis affected countries in the **short term** to the value of *UA 496.57 million*

Chapter 1: Introduction

- Paragraph 1.5 ó third sentence should read: Overall the AFCR is projected to avail approximately *UA 496.57 million*
- Page 1 ó footnote 1: Budget support amounts *UA 321.47 million*.

Chapter 2: Bank's Short Term Response to the Increase in Food Prices

- Paragraph 2.3.1. ó last sentence should read: This response is expected to release a total of *UA 321.47 million* through the use of budget support instruments.
- The following Table 1 has been revised to include Cape Verde for *UA 4.6 million* and for Senegal the amount has been increased to *UA 30 million*.

Table 1: Budget Support Operations

Country	UA Million	Disbursement Timeframe	Vulnerability
ONGOING OPERATIONS			
Ethiopia	16.50	June 2008	High
Cameroon	12.50	August 2008	High
Rwanda	13.00	June 2008	Medium
NEW OPERATIONS			
Burkina Faso	45.00	November 2008 and April 2009 (two tranches)	High
Ethiopia	90.00	December 2008 and July 2009 (two tranches)	High
Liberia	9.00	November 2008	High
Mali	33.00	December 2008, 2009, 2010 (three tranches for medium term response)	Medium
Cote d'Ivoire	45.87	November 2008	High
Cap Verde	4.6	December 2008	High
Burundi	12.00	November 2008	High
Central African Republic	10.00	March 2009	High
Senegal	30.00	November 2008	High
TOTAL	321.47	September 2008	High

Chapter 6: Conclusions and recommendations

- Paragraph 6.3 ó last line should read: í í í í í . countries in the **short term** to the value of *UA 496.57 million*í í í í í

Table : INDICATIVE LIST OF NON AGRICULTURAL PROJECTS CONSIDERED FOR BOOSTING FOOD PRODUCTION IN THE SHORT TERM (BATCH B)				
Country	Project Title	Amount Available (UA)	Amount Available (US\$)	Proposed Response
Niger	Poverty Reduction and Governance Reinforcement	313,969.10	508,846.58	PURCHASE OF INPUTS FOR CROP PRODUCTION
	Poverty Reduction	120,268.81	194,918.46	
	Education Project	496,664.55	804,939.27	
Ethiopia	National Livestock Development Project	11,870,000	19,237,590.3	
	Ganale-Dawa Basin Master Plan Study	600,000	972,414	
	Rural Finance Intermediation Support Project	4,500,000	7,293,105	
	Awash River Flood Control and Watershed Management Study	200,000	324,138	
	Livestock Development Master Plan Study	1,300,000	2,106,897	
	Fisheries Resources Development Plan Study	900,000	1,458,621	
	Institutional Support Project to the Ministry Women's Affairs	400,000	648,276	
	Watcha-Maji-ERA Technical Assistance	200,000	324,138	
	Privatization Technical Assistance	1,000,000	1,620,690	
	Rural electrification I Project	3,500,000	5,672,415	
	Primary Health Care Project	5,500,000	8,913,795	
	Education III Project	9,150,000	14,829,313.5	
	Capacity Building of MoFED	140,000	226,896.6	
Djibouti	Social Fund for Development	1,722,685	2,791,938.35)	
	Institutional Reinforcement of Good Governance of Public Finances	710,978	1,152,274.93)	
	Support to Women Promotion	20,507	33235.49)	
Ghana	Institutional support to Ministry of Finance	100,000	162,069)	
	Poverty reduction support loan	16,478	26,705.73)	
Rwanda	Reinforcement of CEPEX Capability	30,264	49,048.55)	
	Drinking Water Supply Programme and Rehabilitation of Rural Environment	3,442,000	5,578414.98)	
Burkina Faso	Second Road Programme	9,360,000	15,169,658.40)	
	Reinforcement of Health Services	220,000	356,551.80)	
	Drinking Water Supply for Ouaga town	285,306.22	462,392.94)	
	Elaboration of AEPA National Programme	121,607.02	197,087.28)	
Multinational	Road Kankan-Kouremale-Bamako	5,505,516	8,922,734.73)	
Malawi	Integrated Water Supply & Sanitation Project	1,500,000	2,431,035)	
	Education IV	910,032	1,474,879.76)	
	Skills Development and Income Generation Project	2,571,975	4,168,374.16)	
Guinea	Tombo-Gbessia Road Rehabilitation	8,250,000	13,370,692.5)	
Angola	Health Services Rehabilitation	1,000,000	1,620,690)	
Zambia	Health Sector Support	3,000,000	4,862,070)	
Madagascar	Drinking Water Supply & Rehabilitation Project in Great South Rural Environment Project	1,878,006	3,043,665.54)	
Total		80,836,256.7	131,010,512.8	