



GOVERNMENT OF SIERRA LEONE

MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY

NATIONAL SUSTAINABLE AGRICULTURE DEVELOPMENT PLAN

(NSADP/ECOWAP/CAADP)

Smallholder Commercialisation Programme

Investment Plan

May 2010

ACRONYMS

A4D	Agriculture for Development
AAG	Agricultural Advisory Group
ABC	Agriculture Business Centre
ADB	African Development Bank
AESD	Agricultural Extension Services Division
AESD	Agricultural Engineering Services Division
ASREP	Agricultural Rehabilitation Project
AU	African Union
BoSL	Bank of Sierra Leone
CAADP	Comprehensive Africa Agriculture Development Programme
CB	Community Banks
CILSS	Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel
COOPI	Cooperazione Internazionale
CORAD	Coalition for Relief and Development (CARE, Catholic Relief Services, AFRICARE and World Vision International)
CORAF	West and Central Africa Council for Agriculture Research and Development
DAO	District Agriculture Officer
DCC	District Coordinating Committee
DEPAC	Development Partnership Committee
DHS	Demographic and Health Surveys
DIT	District Implementation Team
ECOWAP	ECOWAS Common Agricultural Policy
ECOWAS	Economic Community of West African States
EU	European Union
EUFF	European Union Food Facility
FAO	Food and Agriculture Organisation
FARA	Forum for Agricultural Research in Africa
FBO	Farmer Based Organization
FFS	Farmer Field School
FFW	Food for Work
FSA	Financial Services Association
FSCA	Food Security through Commercialization of Agriculture
GAM	Global Acute Malnutrition
GDP	Gross Domestic Product
GIS	Geographic Information System
GOSL	Government of Sierra Leone
GTZ	German Technical Cooperation
HDI	Human Development Index
HIPC	Highly Indebted Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HQ	Headquarters
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IITA	International Institute for Tropical Agriculture
ILO	International Labour Organization

IT	Information Technology
IVS	Inland Valley Swamp
JICA	Japan International Cooperation Programme
KfW	German Financial Cooperation
LBM	Labour Based Methods
M&E	Monitoring and Evaluation
MAFFS	Ministry of Agriculture, Forestry and Food Security
MDAs	Government Ministries, Departments and Agencies
MDG	Millennium Development Goal
MFI	Micro Finance Institution
MIS	Management Information System
MOFED	Ministry of Finance and Economic Development
MOHS	Ministry of Health and Sanitation
NaCSA	National Commission for Social Action
NACU	National Agricultural Coordination Committee
NaFFSL	National Federation of Farmers of Sierra Leone
NEPAD	New Partnership for Africa's Development
NGO	Non Government Organisation
NRS	National Road System
NSADP	National Sustainable Agriculture Development Programme
P4P	Purchase for Progress
PAGE	Promoting Agriculture, Governance and Environment
PEMSD	Planning, Evaluation, Monitoring and Statistics Division
PLW	Pregnant and Lactating Women
PPP	Public Private Partnership
PRSP	Poverty Reduction Strategy Paper
PTFAg	Presidential Task Force on Agriculture
RCPRP	Rehabilitation and Community Poverty Reduction Project
RFCIP	Rural Finance and Community Improvement Project
SAM	Social Accounting Matrix
SCP	Smallholder Commercialization Programme
SCPS	Smallholder Commercialization Programme Secretariat
SEED	Seed Enterprise Enhancement and Development
SLARI	Sierra Leone Agricultural Research Institute
SLRA	Sierra Leone Roads Authority
SWAP	Sector Wide Approach
TAA	Technical Assistance Agency
UNCDF/	United Nation Capacity Development Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	United States Dollars
UTB	Union Trust Bank
VAM	Vulnerability Analysis and Mapping
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization

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I. Introduction

1. This Smallholder Commercialisation Investment Plan is the culmination of an extensive national process, involving consultation with stakeholders, development partners and experts, as well as in-depth analysis of the agriculture sector in Sierra Leone. The *Agenda for Change*, Sierra Leone's second Poverty Reduction Strategy Paper, was published in 2008 and set out a five-year national plan for the country's development. Agriculture was clearly identified as one of four strategic priorities, and a critical factor in meeting Millennium Development Goal 1, reducing poverty and food insecurity. The Ministry of Agriculture, Forestry and Food Security (MAFFS) subsequently developed a National Sustainable Agriculture Development Plan (NSADP), a broad sector-wide framework for putting the objectives of the *Agenda for Change* into action. The NSADP also served as Sierra Leone's contribution to the Comprehensive Africa Agriculture Development Programme (CAADP) Compact under the African Union's New Partnership for Africa's Development (AU/NEPAD) activities. The formulation process for the NSADP started with a 3-day national retreat in October 2008, attended by over 120 participants drawn from government, the private sector, farmers and development partners. Six Thematic Working Groups were also established, based on the CAADP pillars, to work on the specific details of the plan, which was endorsed by Cabinet and signed in September 2009.
2. The NSADP/CAADP originally identified four major investment sub-programmes: the Commodity Commercialization Sub-Programme; the Agriculture Infrastructure Development Sub-Programme; the Private Sector Promotion Sub-Programme; and the Sector Coordination and Management Sub-Programme. The Government of Sierra Leone, in close consultation with key stakeholders, has now determined to move ahead with the Operational plan for operationalization of the NSADP on a national scale, prioritizing the Smallholder Commercialization Programme (SCP) as the program component having the potential to achieve the greatest impact in terms of improved food security and wealth generation for the most vulnerable population in the short and medium term framework. This decision, and the Operational Plan, was endorsed by an Agricultural Advisory Group meeting, chaired by the President and attended by development partners, with an agreement to prepare a more detailed Investment Plan. MAFFS organised a workshop on 23 April and commissioned further Thematic Working Groups, consisting of key stakeholders and development partners, and based on components in the package, to answer a set of detailed questions around scope, finance, implementation and alignment. This Investment Plan is a culmination of this exercise.
3. Following the introduction, this document begins by presenting the country and agriculture sectoral background including the general and economic situation, poverty and food security status, main Government policies and donor activities, as well as main issues of key sub-sectors. The third section includes a rationale for the SCP. The fourth section is a detailed description of the activities to be undertaken under each component, including objectives, activities, implementation arrangements and costs and financing. There are six components in the Programme: Smallholder commercialisation: production intensification, diversification, value addition and marketing; Small-scale irrigation development; Market access expansion; Access to adapted rural financial services; Strengthening social protection, food security and productive safety nets; and Planning, coordination, monitoring and evaluation. The fifth section describes the expected benefits and impacts of the SCP, and the sixth section discusses risks, sustainability, and innovations of the investment programme. Finally, the Investment Plan concludes in Section Seven with a description of key issues and next steps to be taken.

II. Country and Agriculture Sector Background

A. General Country and Economic Context

4. Since emerging from a decade-long civil war in 2001, Sierra Leone has made substantial progress in its recovery, reconstruction and democratisation, though it remains one of the poorest countries in the world. Situated on the West African coast bordering Guinea and Liberia, Sierra Leone covers 71,740 sq km with a population of around 6 million people. The country is divided into three provinces with 12 districts (Kambia, Port Loko, Tonkolili, Bombali, Kailuhun, Kono, Pujehun, Bo, Bonthe, Koinadugu, Moyamba and Kenema), and the Western Area. The climate is generally equatorial with distinct dry (November – April) and wet (May – October) seasons. Close to 75 percent of the country is arable land, and is divided between upland and more fertile lowland areas. With support from the international community, infrastructure is being rebuilt and peace and stability have been consolidated. In 2007, the country celebrated the first peaceful transition of power from one party to another with the election of the All Peoples' Congress candidate, Dr. Ernest Bai Koroma, as President. The Country Political and Institutional Assessment rating has improved from 2.5 in 2001 to 3.1 today.

5. The economy has rebounded strongly since the end of the civil war. The conflict had a massive impact on the economy, as it contracted by around 6 percent annually between 1995 and 1999. However, between 2004 and 2007, the economy grew by an average of 7 percent, driven by reconstruction and recovery in the mining and agriculture sectors. More recently, growth has slowed as Sierra Leone has felt the impacts of the global economic and financial crisis, growing by just 4 percent in 2009. Other indicators reflect increasing economic stability. Inflation was 11.7 percent in 2008 and 2009, although it has increased more recently. The Government's debt servicing ratio stands at 1.2 percent. Sierra Leone reached Completion Point of the Highly Indebted Poor Countries (HIPC) initiative and has gained additional support under the Multilateral Debt Relief Initiative. Foreign investment has begun to return to the economy with the country receiving over USD 96 million in net foreign direct investment in 2007. Comprising 45 percent of total GDP, agriculture is the largest sector in the economy, employing around 70 percent of the population. Other major sectors include mining and complementary services.

B. Poverty, Food Security and Nutritional Status

6. Sierra Leone is one of the poorest countries in the world. In the UNDP Human Development Index (HDI), it is ranked 180 out of 182 countries based on 2007 data. Poverty is concentrated in rural and urban areas outside the capital, Freetown. According to the PRSP II, 70 percent of the population lived below the poverty line. This poverty level rises to 79 percent in rural areas, but is comparatively lower at 22 percent in Freetown. Poverty is also concentrated among young people with around 70 percent of youth (aged between 15 and 35) unemployed or underemployed. The population in the eastern part of the country is more likely to be poor. About 26 percent of the population is food insecure, unable to afford a basic diet and have difficulty meeting immediate needs in terms of food, shelter and clothing. Close to half the country's population can meet some basic needs, but not always, thus falling into hunger in some periods. This group has difficulty investing for the future through education and savings, and remains chronically trapped in poverty (IFAD: COSOP 2010). Women and youth are particularly vulnerable and trapped in perpetual poverty due to persistent norms of social exclusion, particularly common in rural areas. This undermines their participation in local decision-making, access to productive resources, fair targeting of public projects and services and opportunities to integrate into market systems.

7. The country has among the highest rates in the world of infant mortality (160 per 1000 live births in 2006), maternal mortality (1077 per 100,000 live births in 2005) and under-5s (271 per 1000 in 2005). Child malnutrition is a particularly critical problem with around 40 percent of all children under five years chronically undernourished, and acute child malnutrition at 10 percent. Nationally, the Global Acute Malnutrition (GAM) rate is reported at 10 percent, peaking up to 15 percent during the hunger season (WFP March 2010).¹ In 2008, Sierra Leone ranked 84 out of 88 countries on the Global Hunger Index. Around one-quarter of the rural population is estimated to have poor or borderline food consumption based on vulnerability mapping carried out in 2007. Seasonal hunger is reported as a main cause of vulnerability and

¹ GAM rates about 10 percent are considered serious and above 15 percent are classified as critical or emergency.

reduction in coping strategies. According to a WFP 2005 Nutrition Survey across all districts, nearly all sampled households reported that they had, at some point, faced a shortfall in their food needs. The main causes for food insecurity include: a household member being critically sick or injured, damaged crops, and lack of access to agricultural inputs to improve production. There is high dependency on rice, the country's main staple, with 104kg consumed per capita per annum. However, there has been a rice deficit for the last two decades, a trend that dramatically worsened during the civil war. Although domestic production recovered quickly after 2001, the country produces only three-quarters of its rice requirement, with remaining demand being met by imports. During the recent food price crisis, the cost of rice rose by over 50 percent between January and July 2008. On average, households spend approximately 50 percent of their incomes on food.

C. Main Policies and Government-Donor Activities in Agriculture

8. The Government launched its second Poverty Reduction Strategy paper for 2008-2012 (PRSP II) the "Agenda for Change," with a focus on four key priorities: energy; transportation; agriculture; and human development. Following the commencement or completion of several large road and energy infrastructure projects, agriculture has been identified as the President's top priority. This has been reflected in steadily increasing public investment in the sector, with a budget allocation at 9.9 percent in 2010 and expected to increase to 10 percent in the near future. In September 2009, the Government launched NSADP, the Country Compact under the CAADP. The vision of the NSADP is to make agriculture the engine for socioeconomic growth and development through commercial agriculture. More specifically, its aim is to provide short, medium and long term Investment Programmes to increase commercialisation of the sector and promote "farming as a business." The Smallholder Commercialisation Programme (SCP) is identified as the priority to delivery this goal.

9. In addition to the CAADP and NSADP, the Government has in place a number of other policies to support the agriculture sector. The Decentralisation Policy has been revised and the Local Government Act (2004) approved into law, to accelerate the transfer of power to local communities and chiefdoms, and enhance service delivery to small farmers through an ongoing process of devolution of technical and financial resources. With a view to supporting small farmers to make the transition toward commercialisation, the Government's Private Sector Development Strategy has been put in place, focusing on (i) improving access to finance; (ii) improving the legal and regulatory framework; (iii) promoting and supporting entrepreneurship; (iv) making markets work better; and (v) improving physical infrastructure. Agriculture is also one of the key target growth sectors in the National Export Strategy (2010-2015), including through the mobilisation of Sierra Leone Investment and Export Promotion Agency (SLIPA). The Government has also made significant efforts to support its young population through establishing a number of initiatives to promote employment, such as the Youth Agricultural Farm Scheme.

10. Over the last decade, donor activity has been making a transition from post-conflict and emergency relief to longer-term development. After the war, donors and NGOs were primarily focused on resettlement and rehabilitation of farming land and rural communities, using project-based approaches. More recently donors shifted to more programmatic designs, and refocused activities towards capacity-building, enhancing productivity through mechanisation and input supply, and building rural infrastructure including feeder roads.

11. Development partners have been responsive in supporting the development of MAFFS policies and implementation. A number of projects are ongoing or in the pipeline, geared towards enabling farmers and stakeholders along commodity chains to realise their aspirations and potential. The largest financers in the sector are the European Union (EU), World Bank (WB), African Development Bank (ADB), World Food Programme (WFP), the International Fund for Agricultural Development (IFAD), and Islamic Development Bank (IDB). They are joined by other partners including the Japanese International Cooperation Agency (JICA), Irish Aid and the Italian Cooperation, Governments of China, Germany and Nigeria, as well as a range of NGOs including Action Contre le Faim, ACDI/VOCA, Africare, BRAC, Care, Concern, COOPI, Catholic Relief Services, Christian Aid, Heifer International, OFID, Oxfam, World Vision as well as UN agencies, including FAO, ILO, UNDP, UNICEF, UNEP, WHO and WFP. A number of sub-regional organisations are also supporting crucial inputs on food security issues and CAADP support. These include Mano River Union, ECOWAS, and Comite permanent inter Etat de lute contre la secheresse (CILSS). Research is supported from CORAF, FARA, IITA and the Africa Rice Centre. There are many smaller

organisations doing localized work as well. This institutional landscape is in itself a management issue for MAFFS but provide financial and technical support where national capacity is weak. (Annex B).

12. Development-supported interventions in agriculture have made an impact, but problems persist related to alignment, poor coordination and inadequate investment. Less than 5 percent of farmers in the sector have access to chemical fertilisers, herbicides, insecticides or motorised farm equipment, and the sector continues to grow at just 4.2 percent annually, well below the 7 percent growth required to meet the country's Millennium Development Goal 1. Each individual project adheres to different standards and reporting processes, addressing different parts of the commodity value-chain and geographic areas without sufficient synergies. Furthermore, by establishing separate Project Implementation Units, many of these projects have not been able to successfully build capacity within the Ministry of Agriculture. In the Agenda for Change and the NSADP, the Government recognises the need to strengthen coordination in the Ministry in order to coordinate and organise donor activities more effectively and optimize results. The SCP is designed to address these difficulties by aligning donor projects under a single policy framework with a common goal and harmonized strategies, coordinated by a central coordinating mechanism staffed and led by the Ministry.

D. Main Agriculture Sub-Sector Issues

Smallholder Production Intensification, Diversification, Value Addition and Marketing

13. Small-scale producers, operating on farm sizes averaging 1.63 ha, dominate farming operations. Food crop production is the main source of livelihood for over 75 percent of the work force. Traditional crop farming (rice, cassava, vegetables) coexists with the establishment of tree crops plantations (cocoa, coffee, cashew), as well as the reclamation of swamps for farming. The end of the conflict in 2001 saw many small farmers return to the land that they had abandoned during the fighting to resume agricultural activities.

14. While production increased dramatically after the war, the sector continues to be driven by subsistence farming rather than commercial agriculture. Crop yields remain low at: 0.72 and 1.23 metric tons for upland and lowland rice respectively; 2.2mt/ha for maize; 5.5mt/ha for cassava; 6mt/ha for sweet potatoes; 1.8mt/ha for groundnuts; 100-200kg/ha for cocoa; and 4t/ha for oil palm. The supply of and demand for better and improved technologies is limited. Physical infrastructure for the research system was dilapidated even before the war and requires rehabilitation.

15. An Extension Division has been established in the Ministry of Agriculture with a new Unified Agricultural Extension Service to coordinate activities. The Government has also built on an existing system of Farmer Field Schools (FFS), training over 40,000 farmer facilitators in 1465 FFS of 25-30 farmers with support from a number of NGOs and donors. The Government is now looking to build on this network of FFS to create Farmer-Based Organisations and a network of Agricultural Business Centres to service them – this is the core of the SCP.

16. There are multiple constraints commercialising smallholder production. Higher levels of agricultural technology are not affordable due to low economic returns from commodities. There are a lack of rice milling facilities, feed mills and mechanics to ensure that farmers can benefit from sales of their final products and use of mechanized technologies. Fertilizer use at 4kg/ha compared to 9kg/ha for sub-Saharan Africa is low due to high prices and lack of commercial markets for fertilizable commodities such as rice. With some exceptions, these farmers produce low value commodities which have experienced declining real prices over the past decades and increasing competition from medium to large-scale producers. As such, the majority of smallholder families are trapped in a low-intensified production cycle, whereby many farmers produce the same commodities, using traditional, low input/output systems and invest little to gain greater productivity levels and profits.

17. In spite of these difficulties there is a real potential for more intensified agricultural production, greater value addition and marketing – through domestic and international outlet. Only 10 percent of cultivable land is cropped each year, amounting to around 600,000 hectares. With around 5 percent of smallholder farmers using fertiliser, herbicides and pesticides and mechanised machinery, any increase from this low base will lead to higher production figures. Furthermore, post-harvest losses are estimated to stand

at around 40 percent. Reducing these losses would generate considerable additional income for farmers and also increase food security.

18. The Division of Agricultural Extension was created within MAFFS in 2009, and is guided by a strategy of supporting smallholders through the now expanded Farmer Field and Life School (FFS) which includes life skills alongside technical skills and organisational training. This approach includes strengthening Farmer Based Organizations at community level, and promoting Agricultural Business Centres (ABCs). The extension system is still preparing a coherent policy to guide the structure, organization, delivery and approaches to collaboration with NGOs and other actors. The Sierra Leone Agricultural Research Institute (SLARI) was established in 2007 to bring together all research activities under one organisation. A strategic plan for SLARI was developed in 2008. SLARI continues to operate in a conventional research-driven model and recognized the need to shift their approach to a more farmer-based model. SLARI also has limited capacity at present to work in more interactive farm-based methodologies.

19. The Agricultural Extension Division comprises six operational units: Staff Development and Training, Women in Agriculture and Nutrition, Agricultural Information Communications, Youth Engagement and Empowerment and HIV/AIDS. The extension services have been decentralized from Freetown to the Districts. A District Agricultural Officer (DAO) heads each District. FFSs are the platform for technology adoption and improved farming practices, improving decision-making capacity of farming communities and stimulating local innovation for sustainable agriculture. FFS have expanded to include business planning and livelihood aspects including nutrition and literacy etc.

20. Pilot interventions of the SCP Component One in particular have been launched in 2009 under the EU's Food Facility mechanism being implemented by FAO, WFP and MAFFS. A broad range of donors are contributing to this 2 year project, totalling approximately 28.5 million USD. During 2010 the programme has identified 30 farmer based organizations to receive a core inputs package through 6-10 Agriculture Business Centers (ABCs) per district. The expected target nationwide includes creation of 390 FBOs who will receive core support and establish 150 ABCs. There are other partners who have or are still supporting the model of ABCs including namely the COOPI, Concern, Christain Aid and Federoscoesca, CORAD group of NGOs supported USAID, World Bank, Irish Aid, ADB, the Italian Fund and others.

21. Deforestation has been severe - forestry accounted for 7 percent of the agricultural GDP and by the end of the war has been reduced to 3 percent, reported by 2008. Deforestation has decreased the supply of essential products for example charcoal, poles for construction, sources of wild fruits and forests to support eco-tourism ventures. Reforestation is a critical priority on the Government agenda.

22. The fisheries sector contributes significantly to national food security, poverty reduction/alleviation and 9.4 percent of the GDP of the national economy. The artisanal fisheries provide employment and incomes for a large number of men in fishing and ancillary activities. Women are gainfully engaged directly in fish processing and marketing. The sub sector provides about 80 percent of fish consumed locally.

Small-scale Irrigation Development

23. Mean annual rainfall is around 2500 mm but distribution is not uniform, resulting in water surplus during the rainy season (i.e. May-October) and water deficit during the dry season (i.e. November – April). Some 20 –50 percent of the total annual rainfall is “lost” to runoff resulting in water deficits as much as 500 mm per annum in some agro climatic regions. The persistence of such deficits in some areas limits crop and animal production activities during the period.

24. At present, ample water resources exist, amounting to about 160 km³ per annum; most of this is accounted for by surface water. Current utilization is less than 5 percent per annum. A priority need for the smallholders is an irrigation system for perennial Inland Valley Swamp (IVS) rehabilitation and development to manage surface water through drainage and irrigation structures in all the thirteen (13) agricultural districts. This would expand high-quality lowland for cultivation. An inventory is being taken of all perennial IVS to consider appropriate usage. Feasibility studies have been carried out for Gbondapi, Torma Bum and Komrabai Mamayla

25. IVS play a major role in the restoration and increase of agricultural production through their potential for cropping intensification and diversification (rice and vegetables). IVS exist throughout the

country in all the main drainage lines. It is estimated that 65 000 ha out of a total of 300 000 ha of IVS are used for rice production. The cultivation of most swamps was abandoned during the civil war, including swamps that were traditionally cultivated or swamps that were previously developed by irrigation. Weeds and bushes have been growing for several years and are difficult to wipe out with traditional tools. Dikes, canals, drains and weirs in previously developed swamps have not been maintained for years. In spite of the high potential for permanent cropping, crop production in the IVS is negatively affected by: (a) inadequate drainage and flash flooding; (b) irregular flooding due to lack of water management; (c) low fertility levels and iron and aluminium toxicity; and (d) inadequate residual moisture and water supply during the dry season. Irrigation schemes for smallholder production in IVS exist but only at minimal levels. There is high potential to maximize production in irrigated zones, up to double the current yield which is about 1.8 t/ha of paddy. MAFFS has identified some 241,600 hectares of potential development of irrigable land area using surface or underground water management techniques and 28,000 hectares using perennial swamp surface water management techniques.

26. The sub-sector faces many challenges. First, there is a lack of appropriate land use planning caused by poor technology and training, as well as general awareness of its importance. Second, land tenure issues are problematic. There is a review of land tenure regulations and laws currently ongoing being led the Ministry of Lands, Country Planning and Environment with support from UNDP and FAO, aiming to revise these laws and adjust customary practices to facilitate easier access to land titling and leasing with long-term security of holdings. At present, leaseholds are accessible to smallholders, including groups, but security of these agreements may be uncertain. Third, regulatory instruments to facilitate better land and water use need to be better focused.

27. There are two large agricultural projects currently undertaking extensive rehabilitation of perennial IVS. ASREP is rehabilitating 15,000 hectares of perennial IVS over 5 years in Kambia, Port Loko, Moyamba, Pujehun and Kenema Districts. RCPRP is also rehabilitating 1,950 ha hectares over 5 years in the districts of Kailuhun and Kono. These projects will be integrated into the SCP.

Market Access

28. The National Road System (NRS) includes 8,202 km of infrastructure. 6,038 km of feeder roads have been identified by the Ministry of Agriculture as agriculturally viable feeder roads that are required to be rehabilitated. Feeder roads are usually gravel/earth roads in rural areas connecting towns and villages to secondary and primary road systems and chiefdom headquarter towns. Physical infrastructure suffered heavily from the war, especially in the rural areas. For the past decade and a half, only 1,460 km of the classified feeder roads were rehabilitated. In addition, only about 50 percent of the country's feeder roads have received some road maintenance over the past 10 years that would lead to meeting required standards.

29. The effectiveness and sustainability of past programmes for rural roads have been hampered by the lack of a coherent policy framework and institutional focus for planning, funding and maintenance. Through the provision of EU funds, the Sierra Leone Roads Authority (SLRA), the responsible government agency for roads, has recently contracted consultants to prepare a National Feeder Roads Policy to set common standards for construction and rehabilitation. There is increased awareness of the critical importance of road transport to a productive agricultural sector. Increasing funding for the country's feeder road system will not only bring immediate and direct benefits to the farming population, but will generate increased private investment in the sector.

30. There are currently nine donor-funded projects involved in the construction, rehabilitation and maintenance of feeder roads. The Islamic Development Bank is supporting the Rural Infrastructure Development Project (555.5 km), the Pro-Poor Growth for Peace Consolidation Programme (229.3 km), and the Diversified Food Production Project (9.3 km). The African Development Bank is financing the Social Action Support Project (63.1 km), and the Agricultural Sector Rehabilitation Project (410 km). The World Bank is financing the Rural and Private Sector Development Project (500 km) and the Infrastructure Development Project (400 km). IFAD is financing the Rehabilitation and Community-Based Poverty Reduction Project (45km), and the EU is funding the Rural Roads Project (647.3 km). SCP aims to coordinate these interventions to enhance linkages among FBOs, traders, inputs dealers and other private actors working in along the agricultural value chain.

Rural Financial Services

31. Rural financial services are essential investments contributing to the commercialisation of the agricultural value chain including the establishment of rural-based micro and small enterprises. This will directly contribute to increasing food security, rural employment creation and reducing poverty, vital for a post-war economy.

32. About 50-60 suppliers of micro-finance are currently active in the country, supplying around 13,000 clients with a combined loan portfolio of less than USD 5 million; most clients are petty traders and town-based enterprises. Overall demand has been conservatively estimated at USD 45 million. There are a number of challenges in the micro-finance sector: limited access to funds is often cited by farmers and those in the agri-business; micro-finance operations need to be better coordinated to match demand and supply and be more effectively managed and monitored; business skills capacity needs to be built and strengthened for better micro-finance performance; farmers need to build capacity in preparing and implementing business plans; land issues need urgent attention to ensure security of landholdings to enable land leases and title holders to be used as collateral; few microfinance institutions (MFI) provide technical and management support services to clients; and links among MFIs are generally weak. There is a lack of trained and equipped MAFFS staff at District level; most projects supporting IVS development heavily rely on the use of scarce local NGOs, with mild technical capacities and results. Such an approach is not sustainable in the long run, particularly considering the SCP objective of a substantial upscale in IVS development. There is an urgent need to address these constraints mainly by strengthening the capacity of rural finance institutions to improve their performance, increase their outreach and offer appropriate financial products, namely medium term lending encouraging greater investments in agriculture.

33. The Ministry of Trade and Industry has recently developed a Private Sector Development Strategy. One of its key objectives is to increase access and availability of affordable finance to business operators, including small farmers. The Bank of Sierra Leone Act 2000 and the Other Financial Institutions Act 2001 provide the regulatory and policy framework in which micro-finance and other providers of credit operate.

34. There are a number of key institutions with a role to play in delivering rural and agricultural finance. Within the Government, MAFFS plays an important role in mobilising funds for refinancing or wholesale funding, as well as creating an enabling environment for agriculture finance development. MOFED coordinates and allocates resources to MAFFS, and works cooperatively with the MAFFS to facilitate and implement national policies. The Bank of Sierra Leone has the primary responsibility for setting and implementing the regulatory framework for banks and micro-finance institutions.

35. IFAD and partner organizations have been supporting such activities, notably through the IFAD-supported Rural Finance and Community Improvement Programme (RFCIP), which can provide successful models for rural credit for up scaling. These involve the creation of Grassroots Financial Service Associations (FSAs), support to Community Banks, and supporting a favourable environment for Rural Finance. The RFCIP has been financed for US\$11 million over a six-year period from 2000 to 2014. BRAC, UTB, Salone Finance and other banks have also started lending to small to medium farmers on a commercial basis, although high interest is an impediment to rapid up take of their programmes.

Productive and Social Safety Nets for Livelihoods Enhancement

36. The majority of farmers targeted by this component are among the food insecure and resource poor population, highly vulnerable to shocks. They frequently suffer from food shortages during the pre-harvest “hungry period” and are often unable to cope with bad weather conditions, pest outbreaks or other calamities. Coping mechanisms include seeking off-farm labour, reducing the number and diversity of meals, negatively affecting productive capacity, or obtaining loans from others in the family or community, often pushing people into a further debt trap.

37. Around 26 percent of the population is currently food-poor and cannot afford meeting their daily nutritional needs. The current estimated calorie intake for an average Sierra Leonean is below 2200 kc/caput, with rice as the staple food. The 2008 rising global food and fuel prices and the financial crisis further worsened conditions for the poor, particularly the most vulnerable households.

38. It is important that the financing of social protection be recognized as an investment in economic growth, specifically in promoting equity. The target of 7 percent growth is needed to achieve MDG 1 but this can only be possible with the inclusion of smallholders. Provision of productive safety nets in agriculture will not only provide poor farmers with increased sources of food and cash, it will also provide essential productive assets in rural areas, such as feeder roads, storage and processing facilities, tree plantations, and improved IVS.

39. The Government has recently developed a National Policy Framework for Social Protection (draft March 2010) and is in the process of drafting a policy. The national framework would aims to establish a national social protection and safety nets programme inclusive of a wide range of short to long-term measures. The draft policy recommends conditional transfers as a preferred modality for providing food and cash to recipients emphasizing the creation of productive assets. NSADP and SCP in specific recognize and build on safety net measures to complement agricultural commercialisation in promoting both food security as well as increased incomes.

40. A number of agencies are involved in social protection and safety nets. MAFFS has an important role in implementing food-based safety nets by channelling food and cash assistance into agricultural development activities in collaboration with NaCSA such as: IVS rehabilitation; reducing post-harvest losses; and linking surplus production to food-based safety net programmes namely the Purchase for Progress (P4P). P4P, coordinated by WFP makes purchases from local farmers to fulfil their food stocks, and has great capacity to scale up local purchases (estimated at a potential of 23,000t/year). They work with agricultural and market development partners in increasing smallholder production, value addition and group marketing so that synergies are developed between supply-side interventions and demand. The Ministry of Health and Sanitation (MOHS) provides regular information on nutritional status and other health indicators. Development agencies are working in close collaboration with MOHS and WFP in order to improve and regularly up-date data on food security and malnutrition, particularly among infants and pregnant and lactating mothers (PLW). An early warning system is being established in PEMSD of MAFFS with support from CILSS and FEWNETS and will have the responsibility to coordinate and disseminate information on food security and early warning. MOHS implements the Mother-Child Health programs sponsored by the food aid agencies which aim to improve nutrition levels of infants and small children. The Ministry of Education plays a central role in implementing primary school-feeding programmes with collaboration from NGOs, and plans to initiate school gardens. Other programmes are being implemented by NGOs including Catholic Relief Services, Concern, GTZ, and World Vision.

Agricultural Sector Planning, Coordination, Management and M&E

41. Mechanisms to coordinate and manage different players in the sector are weak. Sector coordination is presently anchored in the office of the Deputy Director General in MAFFS. There is need to strengthen coordination mechanisms so that all players including other ministries, department, agencies and development partners will be effectively organised and coordinated. Attention to improving coordination is in progress. Government has established a Presidential Task Force on Agriculture (PTFAg) as the highest-level policymaking body for the coordination and management of the NSADP. It is chaired by the President, with MAFFS as Secretary. In attempt to improve coordination MAFFS has established various forums: the Agribusiness Forum - bringing together government and business to improve the investment climate in agriculture; the Agriculture Advisory Group (AAG) - bringing together government, private sector, parastatals, research and development partners to discuss policy and technical issues and serves as the technical committee to PTFAg; the National Agriculture Coordination Unit (NACU) – which coordinates different players in the sector. A group of NGOs working in agriculture and rural development meet regularly in a livelihood and food security forum. At the district level the local councils have established agricultural committees within the Council as well as agricultural sector forums. The committees advise and guide the councils on agricultural related issues in the District. The forum, which includes governmental and nongovernmental stakeholders meet to share information, coordinate activities, work to harmonize and ensure complementarity of resource, discuss broad issues of the sector, follow up on interventions, meeting generally once a month. A Development Partnership Committee (DEPAC) provides a forum for dialogue and exchange among senior level staff from development agencies and government, with civil society participating on specific topics. DEPAC meets on a quarterly basis.

III. Programme Rationale

42. Urgent attention is needed to address the national poverty level of 70 percent and food insecurity of over one quarter of the population. The vast majority of these households attempt to meet their daily food requirements through subsistence production, barely meeting their daily food needs. Poor households have increasingly fewer coping mechanisms to turn to, which results in long-term negative impacts on household members and livelihoods. Critical rates of child malnutrition, combined with few employment options for youth undermine the next generation's potential in contributing to national growth and development. The majority of high risk households are located in rural areas and agriculture is their main activity and source of livelihood. Given challenges under current conditions, continuing "business as usual" risks causing households to fall deeper into vulnerability and increasingly unable to survive without assistance from government in the form of safety nets and social protection. A number of issues constrain the promotion of commercialisation of agriculture activities of rural producers, including notably low investment in infrastructure, limited input/output market linkages, and insufficient technical and institutional support and materials/equipment.

43. There are significant opportunities to move smallholder farmers from subsistence to commercial agriculture. Around 5.4 million hectares, or 74 percent of the total land area, is considered suitable for cultivation of which only 15 percent under cultivation. The availability of land is especially notable in the highly fertile lowland IVS where less than 15 percent of the area is cultivated. Although Sierra Leone is presently a net importer of food, in past years the country has been an exporter of rice highly valued commodities such as cocoa (including certified organic and fair trade), coffee, ginger, palm kernels, and rubber. If growth of the sector can be improved from its current rate of 4.2 percent to 7 percent, the country would be on track to meet its Millennium Development Goals.

44. There are potential productivity gains to be made from increasing technology and use of productive inputs, given that less than 5 percent of households use chemical fertilisers, insecticides, herbicides and motorised equipment. The private sector is beginning to recognize the potential of the sector and interest is growing in input trade, marketing and large-scale agri-business, especially in bio-fuels. These are developing interest in establishing out grower schemes and interest has been manifested by private companies such as Gold Tree in oil palm and in sugar cane by ADDAX. Regional markets for agricultural commodities produced in Sierra Leone are set to expand. A planned free-trade area in the Mano River Union, covering Cote d'Ivoire, Guinea, Liberia and Sierra Leone would open up markets to almost 37 million people, growing to 88 million people by 2050.

45. There is high commitment and renewed political support, both from Government and the international community to revitalise growth and productivity in agriculture. The President and the Minister of Agriculture have been declared 'champions' of the CAADP process and Sierra Leone was one of the first countries in the region to sign the Compact. The Government has dedicated new resources to the sector, increasing the budgetary allocation to 10 percent in 2010, in line with the Maputo Declaration. This also comes at a time when food security and agriculture have had a higher profile in the international arena. Following the food price crisis in 2008, G8 countries pledged increased aid assistance for food security in the developing world at L'Aquila.

46. To realise objectives set in the NSADP - positioning agriculture as the engine of socio-economic growth and development - a number of core areas have been identified as priority: (i) farmers need a shift in attitude and perspective to view farming as a business –they need to adopt new skills and strategies to increase economic returns by organising and operating in groups and associations in order to enter into business ventures, adopting business models and focusing on generating profits through more commodity-based value chain approaches; (ii) farmer skills and knowledge must be enhanced through appropriate and timely training and technical support; (iii) agricultural technologies and inputs must be affordable, adaptive and be used for high productive agricultural systems to attain expected economic returns from commodities cultivated; (iv) access to rural finance must be in place to enable farmers to intensify and diversify production systems; (v) transportation costs must be reduced – which requires that rural road conditions must be improved; (vi) irrigation infrastructure and equipment and materials for intensification and high-yielding farming systems must be available at affordable prices; (vii) post-harvest interventions must be improved to

increase value-added, agro-processing activities and also reduce post-harvest losses through improved storage facilities; (viii) market linkages must be in place and information of competitive market prices available and timely.

47. These areas are inter-related and must be implemented through a coordinated, harmonised approach at central and decentralised levels to maximize outcomes. Appropriate and coordinated targeting is vital so that different categories of the population, notably women and youth, are included. To ensure “no one left behind” and to generate growth with equity, assistance for vulnerable groups is crucial –safety net support to promote productive assets and to contribute to implementing interventions of the programme is therefore priority.

IV Investment Plan Description

A. Programme Objectives

48. Development objective. The overall goal of the Smallholder Commercialisation Programme is to reduce rural poverty and household food insecurity on a sustainable basis, and to strengthen the national economy. In particular, the Programme will have the following key objectives:

- Increased agriculture sector growth from its current estimate of 4 percent to 7.7 percent per annum by 2015 (SAM Analysis, 2009)
- Increased incomes of farming households by 10 percent
- Increased Household Food Security by 25 percent

49. **Specific objectives:** The specific objectives of the SCP include to:

- promote commercialisation of smallholder agriculture through increasing productivity, intensification, value addition, post-harvest infrastructure, and marketing with emphasis on commodity chain development and institutional strengthening to build self-reliance of farmer-based organisations (FBO).
- develop appropriate small scale irrigation infrastructure in order to boost rice production, a main staple in the country, leading to increased food security, market surplus particularly for lowland smallholders, and the creation of wealth and employment notably for youth.
- improve access to markets through the rehabilitation and effective maintenance of priority feeder roads, generating smallholder commercialisation.
- broaden smallholders' access to rural financial services tailored to the specific needs of clients expected to be individuals and groups, in particular FBOs/ABCs.
- promote national growth and development with equity by reducing households' vulnerability to shocks and disaster and increasing food security and nutrition of vulnerable households through providing a package of social protection safety nets with focus on children, promoting human capital potential and employment, improving livelihoods and contributing to creation of productive assets.
- to ensure effective strategic and well-coordinated operational planning and implementation of SCP, with efficient coordination of resources and implementing partners, and adequate monitoring and evaluation of progress and impacts.

B. Programme Approach

SCP is designed to build on existing interventions that demonstrate success. To effectively implement the wide range of SCP interventions envisaged, activities will require high degrees of coordination and synergy. Safety net support in particular will be cross-cutting and contribute to implementation of many activities. SCP will therefore closely coordinate and monitor progress among components to ensure complementarity. A small technical unit working within MAFFS to support implementation of SCP will provide the management and operational guidance and oversight required to realise expected results. This responsibility in managing SCP will build ministry capacity to better coordinate activities of the sector. Support from development partners and technical agencies will be mainstreamed, and ongoing interventions gradually aligned.

C. Programme Components

Component 1: Smallholder Commercialization: production intensification, diversification, value addition and marketing (USD 69.472 million)

50. The objective of this component is to promote commercialisation of smallholder agriculture through increasing productivity, value addition, and marketing with emphasis on commodity chain development and institutional strengthening of farmer-based organisations (FBO).

51. The component will be implemented through MAFFS, who would be lead actors in strengthening and facilitating the creation of FBOs who would be formed on the basis of FFS. MAFFS would contribute to the establishment of Agricultural Business Centres (ABCs), created by 3-5 FBOs who would come together and function as the primary gateway to commercialisation of smallholders. ABCs would provide a range of technical, operational and marketing services to smallholders and be a main entry point for MAFFS extension support. ABC commodity focus will depend on the predominant cropping system and economic activity of the membership with early emphasis on rice and other food crops but also including livestock, non-timber forest products and fish processing.

52. Expected results of the component include the formation of 2,750 FBOs trained in FFS including organisational and business management skills, and organized into about 650 ABCs with adequate capacity, infrastructure and equipment to render services to clients. Thirteen 13 District ABC networks will be formed with the view to promoting commodity chains, platforms of exchange and eventual apex bodies at national level. MAFFS extension service will better support smallholder commercialisation through improved technical performance and operational capacity - supported through over 200 capacity building events and rehabilitation of 2 extension training centres, and provision of equipment to improve mobility in reaching farmers. ABC growth and commodity chain development and market access will be facilitated and actively promoted by District and Ward councils reflected in enhanced decentralised planning and development activities.

53. Beneficiary and site selection under this component would be guided by: (i) results of the ongoing pilot establishment of FBOs/ABCs (supported EUFF); (ii) outcomes of the SAM and conducted surveys and profiles of District Councils; (iii) consideration of recently produced livelihood zone maps (FEWSNET); (iv) synergies with complementary projects; (v) consultations with MAFFS and other stakeholders; (vi) demonstrated interest such as initiated FFS/ FBOs - with the view to the formation of profitable commodity chains and agribusiness. Broad criteria will be established that will ensure that women and youth represent about 50 percent of beneficiaries. Most important, FBO/ABS location will be coordinated with the other SCP components, namely: rehabilitation of IVS, tree crop and other production areas, and feeder road construction to link production areas to markets.

54. This component would comprise 3 main sub-components: (i) Production intensification through FFS and FBO development; (ii) ABC establishment; and (iii) improved agricultural services.

Production Intensification/FFS.

55. The aim of this sub-component is to improve smallholder production by increasing productivity, intensification, post-harvest practices and marketing skills through carrying out FFS with groups formed or interested in organizing. Rice and food crops would be emphasized commodities, but groups could also focus on fisheries, livestock, non-timber products, and value addition/processing enterprises. FFS encourage adoption of improved farming technologies and use of inputs, and also improved smallholder livelihoods through introducing the “life” school approach that includes an expanded training in areas such as numeracy, nutrition and HIV/AIDS prevention. FFS will initially be facilitated by trained Field Extension Workers but transitioned to farmer facilitators. Groups will be assisted in developing into community-based FBOs. SCP will finance 2750 FBOs.

FBO Strengthening (including start-up kit for production).

56. This first sub-component also aims to build FBO capacity toward becoming empowered professional agricultural organisations. FBOs will continue to be assisted and mentored in applying adapted technologies and improved production practices, the majority on 30 ha land areas with support of start-up kits on a cost recovery basis “adapted” to the ecological zone and activity. FBOs will acquire essential knowledge and practical skills in organisational and business management and planning, and be assisted in registration and in forming associations with 3-4 other FBOs toward development of ABCs. SCP will support FBO start-up kits, inclusive of inputs (seed, fertilizer, herbicides etc.), small machinery (tiller, thresher, cutter etc.), small livestock and more advanced training in financial and business management and planning, and marketing, which are essential building blocks to commercialisation.

Agriculture Business Center (ABC) Development.

57. The aim of this sub-component is to support the creation of ABCs (650 over the programme lifetime) owned and managed by an association of 3-5 FBOs with the long-term objectives of each developing 1-2 evolved commodity chains (rice, food crop and other niches) and becoming commercial entities (limited liability company or cooperatives) providing services in rural areas. Expected services and provisions provided by ABCs supported by SCP include: access to input supplies; technical support to processing/value addition and post-harvest storage; promoting marketing including market information systems; enhancing linkages to micro-finance, communications. Capacity will be developed in several areas, e.g. organisation and management, business and financial management and planning, machine operations, shopkeeping, partnerships, etc. Commodity chain development and networking will be promoted through formation of ABC district networks, promotion of outgrower schemes and private sector partnerships and developing linkages with NaFFSL member associations and the Chamber of Agriculture. SCP will co-finance with farmers the construction and equipment/materials for 650 diverse ABCs, including equipment needed for the predominant crops such as tillers, threshers, rice mills, de-stoners, cassava graters, honey extractor and essential inputs, and will support trainings for ABC in operations, management, marketing and networking. SCP will finance ABC district networking meetings and exchanges between ABC districts to share lessons, inclusive of NaFFSL member associations and the Chamber of Agriculture.

Improved Agricultural Services.

58. The aim of the sub-component is to strengthen MAFFS extension performance to better support and align with objectives of the SCP. Through various trainings, exchanges and study tours, and provision of operational support (notably mobility and technical equipment), it is expected that extension staff will more effectively support FFS and the development of commodity chains through public private partnerships (PPP) such as outgrower schemes, and better respond to farmer needs in technical, institutional and commercial areas. In addition, SCP will support the Sierra Leone Agriculture Research Institute (SLARI) by training junior scientists and supporting adaptive research activities. District and Ward Councils, including Agricultural Committees will be more informed and involved in SCP initiatives by participating in sensitization, information sharing, and capacity development programs tailored to their responsibilities and needs. This training is expected to build up smallholder commercialisation a strategic priority in district

development planning and ensure appropriate sectoral linkages (such as infrastructure development). SCP will finance trainings, study tours and study-visit exchanges tailored to the different needs and levels of MAFFS staff working in the field and at national level and the rehabilitation of two training centres. SCP will finance transport (vehicles, motorcycles and bicycles), office equipment (IT and technical supplies) and bloc field offices to facilitate MAFFS mobility and operations. SCP will also support District and Ward-level trainings and exchange visits between Districts for Councillors.

Component 2: Small scale irrigation development (USD 48.61 million)

59. The aim of this component is to develop appropriate small scale irrigation infrastructure in order to boost rice production, a major staple in the country. Results expected from small scale irrigation development would substantially contribute to increased food security, the generation of marketable surplus for lowland smallholders and their insertion in national agricultural trade, as well as creation of wealth and employment for youth.

60. Emphasis will be put on two main objectives: development of small scale gravity irrigation systems, particularly inland valley swamps (IVS), which can be developed by communities themselves at a relatively low cost so that large number of smallholders can benefit; and provide support to farmers to maintain and manage the schemes toward assuming full responsibility with no external support. Technical options and implementation modalities for the development IVS will draw on the long experience in the country and lessons learned. Social conflicts, inappropriate land tenure and technical issues (design) have been major causes of failure of IVS in the past. Thus particular attention will be given to: social survey and land tenure analysis during the identification and selection phases of IVS; community engagement and acceptance of clear land tenure agreements before embarking on works; appropriate design of IVS to avoid misconception and eliminate IVS which necessitate too complicated or too costly works; building the capacity of FBOs/user groups to ensure proper maintenance of developed IVS.

61. The programme will develop social and technical skills for IVS development in the benefit of both existing district-based MAFFS staff as well for a new generation of IVS engineers/technicians. The latter could then join MAFFS and/or set up their own consultancy business. Under the programme, other types of small scale irrigation (such as wells and boreholes systems in boliland) will also be supported on a small scale basis to test their technical, social and financial feasibility.

62. Expansion of small scale irrigation systems. The programme will promote the expansion/new development of IVS where technically feasible, economically viable, socially acceptable and environmentally friendly. Taking into consideration present implementation capacity of MAFFS staff/NGOs, the programme could support the development a rehabilitation of about 18,000 ha of IVS. Priority will be given to the rehabilitation of perennial lowlands, with strong community demand, technically simple to design and cheap to implement, without major land tenure barriers. Implementation would be based on the active participation and leading role of the beneficiaries in the design, implementation (farmer's labour, partly paid through FFW) and monitoring of IVS. In each swamp, an FFS will be supported and construction and maintenance committees will be established. Food for work will be provided for unskilled labour. Planning, design and supervision of small-scale irrigation rehabilitation and construction will be entrusted to private firms, NGOs or MAFFS (Agricultural Engineering Services Department (AESD) technicians, as long as the capacity of AESD develops at District level (see below). AESD staff will have a critical role in the identification, categorization and prioritization of potential IVS to be developed or rehabilitated, and to ensure that works are properly designed. Local specialised NGOs or consultants may progressively concentrate on initial social analysis and mobilization, consensus building to reach appropriate land tenure agreements before rehabilitation/development works start, and monitoring implementation of such agreements and impact evaluation. AESD will benefit from short-term technical assistance to enhance its capacity for the timely execution of the component.

63. It is generally assumed that land is owned by the community under the custody of the chiefs, but in reality lowlands are mostly owned by individuals or families. The landowners are generally old and sometimes absent. The youths who have the physical capacity for rehabilitation work are land borrowers/beggars with limited or no opportunity to use the lowlands after rehabilitation. When lowlands are developed, they appreciate in value. Experience shows that landowners tend to take charge and bully out the borrowers thereafter or give them unproductive plots. This phenomenon tends to socially impede lowland

rehabilitation/development in the communities. It is therefore advisable to assist in the formulation of a Lowland Rehabilitation Agreement between the landowners and borrowers. Its content should emphasize the full participation of the land borrowers in the rehabilitation work and the number of years they will be allowed to crop a plot of land in the rehabilitated lowland in compensation for rehabilitation work. This should be witnessed, administered and enforced by their chiefs and/or local council. Long term lease of land should be encouraged.

64. The main criteria to select ideal lowlands for rehabilitation or development will include the following: a) it should be a priority need of the community, as reflected in eventual community/ward development plans; b) absence of land tenure conflicts or uncertainties; c) available labour within the community for the rehabilitation work; d) perennial or with a stream flow of at least 9 months/year nature; e) easy, cheap and simple to rehabilitate; e) accessibility (by vehicle/motorbike or max 2-km walking distance); e) productive status of the lowlands (fertile soil) and nature of soils (ideally clay/clayey loam); f) absence of rock out-crop, large trees, mined-out pits, etc in the lowland; and g) lowland with minimal or no adverse environmental effects of rehabilitation.

65. Staff Capacity building. There are very few AESD engineers working on IVS development both at HQ and District level. The number of specialised AESD technicians is also insufficient at District while; many of them are not qualified enough (diploma level) to perform design and limit themselves to survey work and/or are close to retirement age. Thus the programme will support the establishment of a 3 to 6-month intensive training programme to raise the number of technicians specialised in IVS development. The course agenda will be developed by AESD in close cooperation with Njala University and specialised training centres/NGOs. Enrolment will be open to motivated MAFFS staff as well as young graduates holding a higher diploma or bachelor degree in any field.

Component 3: Market Access Expansion through Feeder Road Rehabilitation (USD 95 million)

66. The objective of this component is to improve the ability of smallholders, market-oriented farmers and agri-businesses (including ABCs) to physically access to markets and to operate in a profitable way through the rehabilitation and effective maintenance of priority feeder roads.

67. The implementation strategy encompasses the following general considerations: (i) priority would be given to full rehabilitation and spot improvement of existing feeder roads instead of new construction; (ii) favouring labour-based methods (LBM) -combining use of labour and light machinery- wherever it is technically and economically feasible. Such methods have been extensively tested and proven successful with assistance of ILO in the 90's and implemented country-wide since then; (iii) rehabilitation and improvement feeder roads should reach the standard of all-weather road; (iv) attention would be given to capacity building of specialised contractors using LBM -both through refresher technical training for existing ones and training of new contractors- as well as facilitating their financial access (lease or loans) to the needed machinery to perform works. This would increase their outreach and yearly implementation capacity, enhance quality of works and hopefully foster competition between contractors at district/regional levels in order to reduce rehabilitation costs; (v) rehabilitation works would be subject to agreements reached with District councils and concerned ward/communities with regards to the organization and financing of yearly routine maintenance works (mainly labour-based using small tools); (vi) provision will be made to finance regular mechanized maintenance works (spot improvement) two to three years after rehabilitation works are carried out.

68. Prioritization and selection criteria of feeder roads to be rehabilitated/improved would include the following: a) access of the feeder road trunk proposed for rehabilitation to a properly year-long functioning primary or secondary road; b) total population and relative importance of the production basin deserved by this feeder road; c) feeder road linking a production basin or an ABC to a local market or to a functioning road connecting with the nearest market; d) willingness and organization of the concerned population/chiefdoms to actively participate in the yearly maintenance of the feeder road after rehabilitation. Identification and prioritization of strategic feeder roads that will link major production areas and program focus ABCs/FBOs to market centres is currently being carried out by District Councils and MAFFS. These priorities will be reviewed yearly at each District level to ensure synergy and complementarity with the pace of development of ABCs, IVS and support to FBOs/FFS.

69. This component would comprise four sub-components: (i) feeder road rehabilitation and improvement works; (ii) capacity building of contractors and facilitation of their access to machinery; (iii) feeder road maintenance; and (iv) policy assistance and sub-sector planning and management.

70. **Feeder Roads Rehabilitation/Improvement Works.** Considering current and forecasted implementation capacity of contractors (with improved specialised training and machinery envisaged) it is estimated that the programme could support: (i) the rehabilitation of 2,000 km of feeder roads; and (ii) spot improvement of 2,000 km of recently rehabilitated road (as the current Road fund doesn't have enough funding to cater for the maintenance of both the primary/secondary road network and feeder roads). Works will be performed by specialised contractors being trained on LBM methods. Rehabilitation and spot improvement works should restore the road to the specified width, compaction of sub-grade, and provision of a gravel running surface. It will also include the rehabilitation or construction of necessary culverts and permanent/semi-permanent small bridges to conform to the various feeder roads standards classification now being elaborated by SLRA (F1 to F3). Requirements as per local geotechnical conditions, public safety and economic viability would be referred to for eventual new roads constructions. Unit costs have been estimated at USD 18,000/km for rehabilitation and USD 10,000/km for spot improvement, including a minimum set of culverts/bridges to ensure an all-weather standard. This includes the costs of identification, feasibility studies, and supervision of works to be mainly performed by SLRA district engineers and technicians. This sub-component would be well-coordinated with sub-component 5.1 which describes food for work/cash interventions that will be undertaken under productive safety nets.

71. **Capacity Building of Contractors and Facilitated Access to Machinery:** As indicated above, training methodology and material for LBM methods have been developed in the late 90's and can easily be replicated by SLRA staff now at national and district level with a limited amount of specialised national and international technical assistance. Refresher training in LBM (3-week duration) will be organized by SLRA at regional level in order to build practical technical capacities of at least 140 LBM works supervisors (minimum 3 for each of the existing 45 specialised contractors). Training of potential new contractors staff (3-month duration) will also be organized at regional and national level using SLRA training facilities. It will include theoretical lessons and practical work including the use of machinery and supervision of real LBM works at ongoing work sites. All trainings will be sanctioned by regular and final examinations. The programme will also support the acquisition of the necessary machinery kits (1 tractor, 2 trailers, 2 manual compactors, 1 water buzzer and 1 lift pump) for an estimated 10 trained contractors. Such kits will be provided on a loan/lease basis through a partner commercial bank and repaid on a medium-term basis (2-3 years) by contractors thanks to the awarded contracts to perform the works (such arrangements have already been tested successfully before the war with support from a WB-financed project). Employment of LBM-certified supervisors and adequate performance records in implementing LBM works will be the main criteria to grant access to machinery kits for existing and new contractors.

72. **Feeder Roads Maintenance:** The programme will support: (i) yearly routine maintenance of rehabilitated and spot improved feeder roads (ie up to 4,000 km in year 5); (ii) regular mechanized maintenance (spot improvement), two to three years after full rehabilitation. While the latter would be done by the above-mentioned specialised contractors, yearly maintenance is expected to be carried out by the communities themselves through FBOs and/or specialised user associations in consultation with District and Ward Councils. According to the importance of works to be carried out, surrounding population and available work force, trunks of rehabilitated feeder roads to be maintained will be allocated to these FBOs/user associations (5 to 10 km/FBO). Performance contracts will be awarded to them to carry out the yearly routine maintenance through SLRA/District councils (including provision for procuring necessary sets of tools). Specialised NGOs will also be contracted to ensure community sensitization and mobilization, initial training of the FBOs with regards to planning, monitoring and reporting of maintenance work, and to support SLRA in its function of supervision of yearly maintenance works.

73. **Policy Assistance and sub-sector Planning and Management:** A national Feeder road policy will be developed in 2010 to clarify: the road classification (3 levels of feeder roads are now proposed); related standards and norms; the main implementation strategies and roles and responsibilities of concerned stakeholders (Ministry of works, SLRA, MAFFS, District Councils, FBOs, NAFSL member associations , the Chamber of Commerce or Agriculture, transporters, etc.) with regards to construction, rehabilitation and maintenance of feeder roads; selection and prioritization criteria for feeder road rehabilitation; source of

finance and access modalities to the Road Fund, etc. The EU has initiated support in that domain. In order to properly plan, coordinate and monitor the rehabilitation and maintenance works, a computerized road database will be developed and linked to a geographic information system (GIS). Access to the database will be granted at both national, regional and district levels (SLRA currently operated through 6 regional offices).

Component 4: Smallholder Access to Rural Financial Services (USD 26.52 million)

74. The objective of this component is to access of smallholders and the rural poor and their organisations to rural financial services geared to their needs.

75. The first pillar of the strategy is to assist the establishment of a large number of rural MFIs at chiefdom or section level, as proximity to members/clients is key to ensure outreach (max 5-10 km, less than one day of walking distance from customers). Proximity of rural MFIs will serve a limited local financial market however, and will still not generate substantial income. Thus the operational model should allow for limited fixed running costs: no or limited permanent staff; payment according to performance; power and computerization only when financially justified; assistance for monitoring and supervision and to ensure reporting to BoSL through a shared technical services agency. Such MFIs should rely on active community and members involvement in overall management, strategic decision-making (e.g. adaptation of financial products to local needs, interest rate policy, etc.) and capital raising in the form of shares (initial capital to start operations and compulsory increases linking credit amount to share value). Such a model corresponds to the Financial Services Association (FSA) strategy, one which has been widely tested in several countries in Africa and elsewhere since 1987, and in Sierra Leone from 2008 through the RFCIP. It can effectively and efficiently respond to most of the needs of the rural poor, including: access to a secured savings facility, very short term and small loans (for social emergencies and petty trade) at easier conditions than those offered by moneylenders, short term loans of limited amount for economic activities (agriculture, small ruminants, storage, etc.), and to some extent to bigger loans and longer term loans, depending on the amount raised capital and reserves and eventual access to a refinancing facility. It is estimated that a minimum of 130 FSAs can be created and made sustainable country-wide.

76. In most cases, financial needs of advanced smallholders and ABCs (such as bigger short term working capital loans for storage operations, medium term equipment credit, lease, overdraft facilities, etc.) will not be met by FSAs –due to their limited resources- or by commercial banks; thus the need for another layer of financial intermediary between FSAs and commercial banks, in the form of Community Banks (CBs). These are to be established at ward and district level. CB's creation has been promoted by BoSL and received support from a UNCDF/KfW-funded project since 2006 and from the RFCIP as from 2010. There are at present 6 CBs which are being strengthened by RFCIP and 7 are being established. CBs are created as limited liability companies and receive an initial granted shared capital (USD 200,000) from the Government. It is emitted in the name of the coming apex of CBs at district and/or regional level. CBs are planned to offer a large range of financial services to advanced smallholder farmers, FBOs, ABCs, Government and private sector employees in small rural towns. Services may include: deposits (current accounts, savings accounts, term deposits, etc.), short to medium term loans, payment of salaries, national and international money transfers, insurance schemes commercialization, etc. They are operated by professional staff and linked with the financial sector architecture (compatible information systems, refinancing facility, etc.). Business plan forecasts show they cover their direct running costs as from year 2 of operations and can become fully financially sustainable after 2-3 few years if properly managed. The Government and BoSL have planned to establish 53 CBs country-wide.

77. Establishment and appropriate management and reporting to BoSL need a substantial amount of assistance to ensure community mobilization, training of trainers, training of board members and FSA/CB staff, regular monitoring, strategic management advice, consolidation of financial statement by FSA/CB networks, and reporting to BoSL. This would be insured through the establishment of a rural finance services Technical Assistance Agency (TAA) attached to the envisaged CB/FSA apex bodies. The TAA would serve both FSA and CB development. Such an option would allow to more rapidly sustaining the cost of TAA services through members (FSAs & CBs) contribution.

77. Along with the development of FSA/CBs, BoSL capacities to supervise FSAs/CBs need to be strengthened and a rural finance institution monitoring and supervision unit may be established within BoSL. There is also a need to jointly develop an Agriculture and Rural Finance Policy/Strategy which vision would

be shared by MAFFS, MOFED and BoSL. CB/FSA refinancing arrangements and linking CBs/FSAs to commercial banks need to be supported, including development of lease financing or other kind of innovative financing mechanisms.

78. The component is organised around four sub-components: (i) support to FSA development; (ii) support to the establishment of CBs; (iii) support to the Rural Finance Technical Assistance Agency (TAA); (iv) support to the rural financial TAA.

79. **Support to development of Financial Service Associations.** Eleven FSAs have been created so far in four districts (Kono, Koinadugu, Kenema, and Kailahun districts) and another 6 are being established in 2010 with RFCIP support. The programme will upscale FSA development in order to reach the creation of 15 FSAs yearly as from 2011 in new districts. By the end of the programme in 2014, a total of 77 FSAs would have been created. The programme will finance the following elements: (i) market surveys and site selection assessments; (ii) sensitization and community mobilization on the FSA concept and initial capital raising from members; (ii) procurement of needed office and security equipment (safe), furniture, initial stock of stationery, eventually transport mean (motorbike); (iii) training of FSA board members and staff; (iv) construction of FSA buildings with community participation for carrying out works; (v) FSA commissioning, registration and licensing; (vi) regressive operation costs subsidy to cater for regular monitoring, external control and management advice provided by TAA staff, FSA staff costs, annual audit, and other operation and maintenance costs; (vii) shared grant capital to increase FSA lending resources, subject to satisfaction of performance criteria and after 2,5 years of operation. Provision will be made for FSAs to fully cover their costs (including TAA costs) within a maximum of five years after their creation. This implies an adaptation of the FSA investment package (and consequently of FSA operation costs) to which income each FSA can generate according to its local market prospects.

80. **Support to Community Banks.** 6 CBs have been created in 2007-09 and another 7 are being established in 2010. It is proposed to support the creation of additional 7 CBs per year as from 2011 in order to achieve the national target of 53 CBs country-wide by end 2014. The programme will finance the following items: (i) market and feasibility studies to determine CB scope, site selection, and elaborate CB business plans; (ii) sensitization on the CB concept and initial capital raising from members; (ii) recruitment of staff and initial training of CB board members and staff; (iii) seed shared granted capital (USD 200,000 per CB), to be repaid to the envisaged CB Apex body; (iv) procurement of needed information technology, communication, security and mobility equipment, management information system (MIS) and software; (v) one-off subsidy to cover costs of operation for the first year (USD 28,000) including monitoring, control and management support from the TAA; as from year 2 after creation CBs are supposed to fully cover their running costs; and (vi) CB commissioning, registration and licensing.

81. **Support to the rural finance TAA.** The TAA will be established in 2010. The programme will support the following: (i) selection and recruitment of TAA staff; (ii) procurement of office equipment and transport means; (iii) staff and running costs under a 3-year contract. After three years, it is expected that the TAA will be able to cover its operational costs from direct CB and FSA member contributions as well as from income generated by the apex body capital.

82. Policy assistance, rural finance sector planning and coordination, and innovative financing mechanisms. The programme will assist in capacity building of BoSL, MAFFS and MOFED through the following activities: (i) support to the establishment of a specialised rural finance unit within BoSL (IT equipment, MIS/Database, training, exchange visits); (ii) development of a national Rural and Agriculture finance policy (short term international technical assistance, workshops, reviews of ongoing programmes, etc.); (iii) feasibility studies and eventual seed capital or risk fund to develop long term agricultural businesses financing (higher purchase schemes, leasing companies, innovative refinancing mechanisms in the benefit of CBs/FSAs, etc.).

Component 5: Strengthening Social Protection, Food Security, Productive Social Safety Nets (USD 135.7 million)

83. The objective of this component is to promote national growth and development with equity by reducing households' vulnerability to shocks and disaster, increasing food security and nutrition levels of vulnerable households, with a focus on children, promoting human capital potential, and improving

livelihoods. Increasing incomes and food security of the vulnerable poor will be achieved through a triangle of interventions focused on: providing safety nets and employment opportunities for food insecure households while contributing to productive asset creation; protecting the health and nutrition of pregnant and lactating women (PLW) and children of food insecure vulnerable households while promoting early education; and strengthening national capacity in disaster early warning and disaster/risk response mainly through ensuring adequate buffer stocks stored at district/ABC levels.

84. This component will be implemented through close partnerships and collaboration with MAFFS and WFP in particular, as well District Councils and other related Ministries notably Health and Education, and NaCSA. Alignment will be essential with other SCP components, particularly SCP Component 2 (irrigation) and 3 (market access) and also 1 (trainings, tree plantations, construction of ABCs etc) to maximize benefits from the productive safety nets intervention, which focuses on employment creation through food for work and food for training while building assets. Targeted food security and nutritional support to vulnerable groups will be implemented in close collaboration with Ministry of Health and in accordance with national data (on poverty, vulnerability, food security, child malnutrition etc). Universal school feeding will scale up existing programs, working closely with Ministry of Education. Strengthening of national early warning systems will be implemented through PEMSD of MAFFS, specifically involving the Statistics Department, while District Councils jointly with ABCs will be responsible for establishing storage infrastructure with emergency buffer stocks at decentralised levels.

85. Expected results of Component 5 include about 30 percent of food insecure households in the country will be supported in meeting basic food security and nutritional needs, as will other identified vulnerable groups, namely infants, PLWs, children under 5 years and primary school students. In specific, 180,000 persons will benefit from food/cash for work/training, each for 90 days annually. It is expected that a targeted 114,000 malnourished children under 5 years will receive supplementary feeding support annually, and all children under 2 years, estimated at 83,570 will receive supplementary feeding on a seasonal basis (during lean months). A target of about 36,000 of the most food insecure PLWs will receive supplementary feeding rations annually. All primary school children, estimated at 384,500 students will receive mid-day school meals on site annually, and in all primary schools, estimated at 1,604, school gardens will be established. In all 13 districts, storage facilities with buffer stocks (200mt) will be established for emergency and disaster response, including annual re-stocking for 3 years through during the lifetime of SCP.

86. Beneficiary selection will be aligned with ongoing target methods of WFP and other related programs, based on calculations using the Vulnerability Analysis and Mapping (VAM, 2007), the Demographic and Health Survey (2008), and other available assessments by UNICEF, MOHS, FAO. Targeted interventions supporting children under 5 years and PLWs will be through a 2-step targeting approach using geographic targeting of high-poverty districts followed by district targeting of the most vulnerable chiefdoms with high numbers of poverty and persons within the intended category. Food for work beneficiaries will be voluntary and selected according to set criteria established by District Councils or ABCs according to activity while food for training beneficiaries will be those involved in trainings selected for food assistance, prioritizing FFS. Self-selection is advised given that the daily wage rate is below the national salary scale. It is expected that women and youth will comprise about 50 percent of those benefiting from these activities.

87. Component 5 is comprised of 3 main sub-components: (i) productive safety nets; (ii) risk and disaster management; and (iii) social safety nets for vulnerable groups.

88. **Productive Safety Assets:** This sub-component aims to augment food security through food and a limited amount of cash transfer while creating productive assets that contribute to smallholder commercialisation. Assets include: (i) access to markets through feeder road rehabilitation; (ii) rehabilitation of IVS for increased production; (iii) construction of ABCs and storage infrastructures; (iv) rehabilitation and establishment of some new tree plantations. The sub-component would also provide food supplies to trainings organised under SCP, namely FFS and community groups. Selection of participants and oversight of public work interventions would be in close consultation with District Councils and Chiefdoms while technical aspects would be aligned with national programmes and standards. SCP would finance the costs of food and cash transfers of the different interventions.

89. **Risk and Disaster Management:** This sub-component aims to strengthen national capacity to adequately respond to disasters by improving risk assessments and early warning systems and reinforcing risk preparedness at district levels through establishment of grain storage banks. An assessment will be undertaken to design a national storage program and infrastructures will be planned, with focus on placement of facilities, reserve stocks, management and operations. Based on this study, storage infrastructure and necessary institutional arrangements will be put into place in 13 districts. At national level, existing early warning systems in MAFFS will be reinforced through three main interventions: (i) coordination support: to conduct review meetings and field visits for verification of data collection methods and quality of data; (ii) support to establishment of an “early warning desk” in PEMSD with a central data base and data analysis and processing; and (iii) information dissemination: supporting the preparation of early warning information packages and dissemination through diverse communication channels (radio, tv, newsletters and bulletins etc.). SCP will finance the infrastructure feasibility study and establishment of 13 storage banks and restocking for 3 years. SCP will also support the early warning information desk establishment in providing equipment (IT) required for processing and analysing data.

90. **Social Safety Nets for Vulnerable Groups:** This sub-component aims to strengthen social protection of particularly vulnerable categories of the population in high-poverty and acute-malnutrition chiefdoms and districts (reported by DHS 2008 and WFP surveys) by improving their food security and nutrition while promoting human capital development through childhood education. Given the serious rate of malnutrition of children under 5 years, targeting of the most acute children will be supported through supplementary feeding and nutritional support. Feeding for children under 2 years will be universal, with complementary nutritional support for all. Targeted supplementary feeding will be provided to malnourished PLW. Nutritional support packages will be combined with support training sessions on food and nutrition at community and institutional levels. A national school feeding program will be supported to improve food intake and nutrition of all primary school students. This initiative will be complemented by establishing school gardens and tree planting in all primary schools. SCP will finance food and nutritional supplements for all sub-component productive safety net and social protection programs, including the school feeding program, as well as the establishment of school gardens, including start-up kits of basic inputs and tools and support to curriculum development and teacher training.

Component 6: Smallholder Commercialization Programme (SCP) Planning, Coordination, Monitoring and Evaluation (USD 3.9 million)

91. The objective of this component is to ensure: (i) effective strategic and operational planning of the SCP programme; (ii) efficient coordination between and amongst the components of the programme on one hand and the various sources of funding and implementation partners within and outside MAFFS on the other hand; and (iii) overall monitoring of SCP implementation progress and evaluation of final results and impacts on smallholders, etc.

92. The coordination and management of the SCP will anchored within the ongoing priorities of the government and work through existing government structures, planning and steering committees at national and district levels. The programme will enhance coordination, alignment and synergy between donor-funded activities/operations. M&E will be based on result-based monitoring and be conducted through participatory processes that ensure lesson learning and information sharing. Gender mainstreaming will be promoted throughout SCP including management and operations and M&E, where indicators will be developed to track gender mainstreaming.

93. In order to avoid the establishment of parallel structures, the programme will be coordinated by a small secretariat headed by a coordinator and assisted by finance and procurement specialists. The other components will be implemented by the various divisions of the MAFFS, SLRA, WFP, Bank of Sierra Leone, Local Councils, NGOs and the private sector.

94. This approach is in line with ministry’s policy of using a programme approach as opposed to project intervention approach. Therefore, specialists that will be recruited by the programme will be placed within the technical divisions of the MAFFS. The programme will then build the capacity of the ministry and will thus ensure sustainability. This approach will also smoothen the transitional period of merging the PIUs of current donor projects into the ministry set-up.

95. This component has two main sub-components: (i) Strategic planning, coordination and management; and (ii) Monitoring and evaluation (M&E).

96. **Strategic Planning, Coordination and Management.** The SCP will support: (i) the establishment and running of the SCP Coordination Secretariat that shall comprise of a coordinator and experts that will be contracted and placed within the MAFFS' divisions. The programme will support the procurement of two 4WD vehicles, cost of contracted staff, internal and overseas travel, operating expenses, office equipment, etc.; (ii) the utilization of existing planning/steering committees for strategic planning and coordination of the programme at national and at district levels. At national level, there are the Presidential Task Force on Agriculture (PTFAg), Inter-ministerial Committee on the SCP, Agriculture Advisory Group (AAG) and thematic strategic and planning committees. At district level, the programme will support the functioning of the District Coordinating Committees (DCCs), Local Councils Agriculture Committees and District Implementation Teams (DITs).

97. **M&E, Information and Knowledge Sharing.** The programme would finance the following: a) base line studies; b) development of robust M&E system; c) annual participatory workshops at district/ward level with beneficiaries/implementation partners; d) beneficiary impact assessments (BIAs), e) mid-term reviews and final evaluation; e) Information, Education, Communication, Knowledge management and dissemination activities (development of communication strategy, flyers, radio broadcasting, etc.).

D. Main Implementation Arrangements

98. Implementation of this programme will be through the existing MAFFS structure with linkages to ongoing activities. Emphasis will be on accepted procedures agreed upon between the Government of Sierra Leone and development partners. The implementation mechanism of SCP will be done at both National and District levels.

99. At the national level, implementation will be done at three levels: at the Presidential Task Force on Agriculture (PTFAg) level, the Agriculture Advisory Group (AAG) and the Smallholder Commercialization Programme Secretariat.

100. The Presidential Task Force on Agriculture is the highest policy making body for the coordination and management of this programme. It is chaired by the President of the Republic of Sierra Leone and the Minister of Agriculture serves as Secretary to this task force. Key policy decisions are taken at this level and it is expected that the PTFAg will meet once in a quarter to review and assess the progress of implementation. This body is also responsible for the mobilization of resources. Membership of the PTFAg will consist of Ministers of key MDAs who signed up to the Sierra Leone CAADP Compact, the ERSG, the country representatives of FAO, WFP, World Bank, ADB, IDB, IFAD, EU, GTZ, the Chairman of the Parliamentary Oversight Committee on Agriculture, the President of the Chamber of Agriculture and the President of the National Federation of Farmers of Sierra Leone.

101. The Agricultural Advisory Group (AAG) is the second layer for the coordinating the Smallholder Commercialization Programme. It is the body responsible for both policy and technical issues. It is chaired by the Minister of Agriculture whilst the Director-General serves as secretary to the AAG. The AAG meets every month to discuss performance of the Smallholder Commercialization Programme. Its membership consist of Ministers of key MDAs that signed up to the compact, representatives of FAO, WFP, World Bank, ADB, GTZ, Parliamentary Oversight Committee on Agriculture, NGO forum, Chamber of Agriculture, Decentralization Secretariat, National Federation of Farmers of Sierra Leone, Director-General of SLARI and Director-General of SLRA.

101. The Smallholder Commercialization Programme Secretariat (SCPS) is the third and most important layer for implementing the Smallholder commercialization Programme and will comprise of a Coordinator supported by an Admin/Finance and procurement personnel/institutions responsible for day-to-day coordination of activities of various personnel in sub-sectors or institutions directly implementing the programme within the existing arrangement of the Ministry and these institutions. The Coordinator will directly report to the Director General of the Ministry of Agriculture, Forestry and Food Security.

102. At district level, the SCP will be implemented through existing structures such as the District Coordinating Committee (DCC), whose membership will consist of the District Council Agriculture

Committee Chairman, the District Agricultural Officer, the District Agriculture Subject Matter Specialists, District SLRA Engineer, representative of the National Federation of Farmers of Sierra Leone and the district NGO forum. The main function of the DCC is to coordinate the Smallholder Commercialization Programme activities in the district. They are responsible for translating policy decisions at district level. The District Council Agriculture Committee Chairman shall be the chairman of the DCC and the District Agricultural Officer shall be the secretary to this committee. The committee shall meet every month to review progress of implementation at district level and ensure flow of information to the Smallholder Commercialization Programme Secretariat.

103. Technical oversight and lead implementation responsibility of SCP will be through the following Government Departments and agencies:

- i) Smallholder Commercialization: Production Intensification Support, Value Addition and Marketing –Agricultural Extension Services Division, Crop Division, SLARI, Livestock Division, Forestry Division, Ministry of Fisheries and Marine Resources, Ministry of Trade and Industry;
- ii) Small Scale Irrigation –Agricultural Engineering Services Division with support from the NACSA;
- iii) Market Access –Agricultural Engineering Services Division in collaboration with the Sierra Leone Roads Authority and NACSA;
- iv) Rural Finance – jointly by MAFFS and Bank of Sierra Leone;.
- v) Social Protection – MAFFS with Ministry of Employment and Social Security, Ministry of Education, Ministry of Health.

104. Monitoring will be based on principles of results-based management, with focus on efficiency and effectiveness of resource use while the evaluation will lay emphasis on achieving targets, assessing outcomes and long-term impact of the programme on national development and equitable distribution of growth. The Result Framework Matrix (RFM), impact studies, food security surveys, and audits will be undertaken at all levels of programme intervention. Participatory M&E approaches would be used when possible, through stakeholder consultations.

E. Costs and Financing

105. **Programme costs.** Total programme costs over a five-year period are estimated at USD 403 million. Costs by components/sub-components are given in the table below (see details in Annex 1).

SCP Investment Plan (2010-2014): Summary Cost Table

Component/Sub-component	Amount (USD Million)	%
Component 1: Smallholder Agriculture Commercialization: Production intensification, diversification, value addition and marketing		
1.1 Support to FFS/FBOs	35.8	9%
1.2 Support to ABCs	27.9	7%
1.3. Enhanced Agriculture services	5.9	2%
Sub-total	69.5	18%
Component 2: Small scale Irrigation Development		
2.1. Expansion of Small scale irrigation schemes	51.8	14%
2.2 MAFFS staff and Contractors capacity building	1.0	0%
Sub-total	52.8	14%
Component 3: Enhancing Market Access through the Rehabilitation of Priority Feeder Roads		
3.1 Feeder roads Rehabilitation/Improvement works	68.0	18%
3.2 Contractors capacity building	0.9	0%
3.3 Maintenance of rehabilitated feeder roads	25.6	7%
3.4 Sub-sector policy, coordination and management	0.6	0%
Sub-total	95.0	25%
Component 4: Enhancing Smallholder Access to Adapted Rural Financial Services		
4.1 Support to FSA development	7.3	2%
4.2. Support to CB development	14.5	4%
4.3 Support to TAA and implementation management	3.3	1%
4.4 Policy assistance, sector planning & coordination and innovative finan	1.4	0%
Sub-total	26.5	7%
Component 5: Social Security and Safety nets		
5.1 Productive safety assets	37.5	10%
5.2 Risk and Disaster Management	6.7	2%
5.3 Social Safety Nets	91.5	24%
Sub-total	135.7	35%
Component 6: Programme Strategic Planning, Coordination, Monitoring & Evaluation and Knowledge Sharing		
6.1 Strategic planning, coordination, M&E and implementation support	2.5	1%
6.2 M&E and Knowledge production and sharing	1.4	0%
Sub-total	3.9	1%
Total Base Costs	383.4	100%
Price Contingencies	19.2	5%
Total Costs	402.6	105%

106. **Financing.** A number of on-going (and planned) projects will contribute to financing the SCP programme costs however there is need for better alignment to the SCP core activities package and methodology. The main projects are the following: (i) Component 1: projects contributing to the SCP pilot scheme (namely the EU Food Facility project, the Italian cooperation-funded FCSA, Irish Aid, IsDB, etc.), the USAID-funded PAGE, the planned Agriculture for Development (A4D) to be funded by the EU (EDF Xth), the WB-funded RSPDP, the ADB-funded ASREP, the IFAD-funded RCPRP, the FAO/GTZ-funded SEED project; (ii) Component 2: mainly RCPRP and ASREP; (iii) Component 3: the IDB-funded RIDP, ASREP, WB-funded RSPDP and IDP, RCPRP, and the EU-funded Rural Roads Project (RRP); (iv) Component 4: mostly the IFAD-funded RFCIP (and its envisaged ``upscaled phase II); (v) Component 5: mainly activities implemented by the WFP through various funding sources and some support from CILSS and FEWSNET for early warning systems; and (vi) Component 6: projects contributing to the SCP pilot scheme and some elements reflected in the other above-mentioned projects.

107. The SCP constitutes the Agriculture Sector Wide Approach (SWAP) for the next five years. The Government proposes to establish appropriate mechanisms to channel and manage financial resources for the efficient coordination and implementation of the SCP. Ultimately the intention of this arrangement would lead to a basket funding mechanism to realize the vision of the Sierra Leone Aid Policy. The mechanisms will however remain flexible, taking into account the specificities of different partners.

V. Benefits and Impacts

Benefits

108. The main economic and social benefits generated by the SCP programme would be the following: (i) increased agricultural, livestock and fisheries production in the targeted supply chains/areas; (ii) improved national food security, food intake and raised levels of nutrition, particularly for infants and PLW due to increased food production, nutritional support and reduced post-harvest losses ; (iii) improved access to agriculture inputs, services, research and extension support, markets and market information; (iv) reduced transaction costs -notably for transport due to rehabilitation of feeder roads; (v) enhanced access to rural financial services; (vi) increased returns from smallholders' activities and investments in agriculture - such as value added/agro-processing and agribusiness – and organising economies of scale - leading to increase incomes and an increase in market/business opportunities; (vii) increased self-reliance and empowerment of smallholder FBO/ABCs derived from improved understanding and information of markets, management and business planning capacity, bargaining power and networking; (viii) improved livelihoods notably for youth, women and deprived groups and their increased inclusion and influence and leadership roles in socio-economic development; (ix) empowerment of District/Ward Counsellors to better plan, monitor, evaluate economic development and link with other stakeholders/potential partners; (x) increased revenues from on and off-farm employment notably for youth due to increased production, diversification, agro-processing and marketing opportunities; (xi) foreign exchange savings through increased national production leading to reductions of imports (notably for rice), with the likelihood of reducing consumer prices and improving availability of food commodities of better quality.

Beneficiaries

109. The primary beneficiaries of the SCP programme are market-oriented smallholders and their organisations: around 100,000 member households organised into FBOs/ABCs. These ABCs will include farmers, fisherfolk, and other commodity-based income generating groups such as honey producers, tree crop producers etc. The project would have a significant impact on a number of other beneficiaries, not easily quantifiable a priori; these include: (i) whole populations living in production areas supported by SCP, who will benefit from rehabilitation of rural roads and access to district storage facilities in periods of disaster and food insecurity; (ii) actors of supply chains (traders, transporters, agro-industries, etc.) who would benefit from increased and more secure raw material availability, improved produce quality, reduced transport costs and improved market information systems; and (iii) smallholders in targeted areas who would benefit from accessing ABC services as well up-scaling of existing supply chains.

110. The estimated number of direct beneficiaries supported by FFS and FBO strengthening include 82,500 producers forming about 2750 FBOs organised into 650 ABCs. It is expected that about half of these will be women and youth. Strengthening of the MAFFS extension service and SLARI will directly benefit an estimated 700 MAFFS and SLARI staff at decentralised and central levels. In addition, about 4,500 District and Ward Council members will benefit from SCP support through sensitization sessions, trainings and exchanges. IVS development is expected to reach a minimum of 18,000 direct beneficiary households (assuming an average plot size of 1 ha per households in lowland areas). Other test irrigation schemes would target another 400 households. Around 80 existing MAFFS/AESD will benefit from IVS refresher training while about 90 young graduates will receive intensive training course in IVS development. Direct beneficiaries of FSA creation are estimated at 38,000 (average of 500 shareholders by FSA) while CBs would target between at least 200,000 rural households. Feeder road rehabilitation and spot improvement will benefit a substantial share of the rural population (at least 0,5 million households) though exact target is difficult to estimate. It is estimated that 900,000 persons would participate in productive asset creation, such as roads and storage construction, benefitting from food for work support. Strengthening of early warning systems would support meetings and coaching support for about 40 staff. Safety net protection would cover about 650,000 children under 5 years, 385,000 primary school students and 180,000 PLWs, totalling 1,218,070 persons.

VI. Risks and Sustainability

Risk Analysis

111. A number of risks have been identified that could potentially limit meeting programme targets and objectives. The table below presents these risks, their level of probability, possible mitigation measures and rates of risk following mitigation.

Risk description	Rating of risk ²	Mitigation measures	Rating of risk (after mitigation)
weak implementation capacity- coordination unit and implementing partners along chain lack technical and managerial capacity to implement activities	M	Recruitment of experienced staff and partners; capacity building; close supervision and monitoring; quality control and audits	L
constraints in accessing appropriate equipment/materials/inputs for implementing programme activities in a timely manner	M	Advance planning and preparation of procurement activities; rigorous measures established ensuring technical standards, quality of goods and fair costs; favour pre-qualified suppliers; access assistance of temporary procurement expertise if required	L
weak extension service performance due largely to low staff retention and capacity - leading to limited delivery of expected outputs and outcomes	M	Prioritize capacity building of extension staff; provide MAFFS operational support namely mobility; encourage performance through incentives such as study tours, promote farmer-to-farmer technology transfer	L
limitations in establishing active linkages with private sector and in identifying viable market channels for inputs and outlets and for developing outgrower schemes- minimizing agribusiness development and commercialisation	M	Promote private sector collaboration and integration in programme activities through sensitization and dialogue; strengthen FBO/ABC capacities in developing private sector & and market linkages; develop value chains; promote market and PPP information circulation for smallholders	L
Insufficient gender mainstreaming and inclusion of youth in programme activities	L-M	Use of proactive targeting; gender-disaggregated M+E indicators; awareness raising/training for SCP management unit and implementing partners; incorporation of gender and youth issues in all trainings; attention to gender and youth during SCP supervision and evaluations	L
political interference; mismanagement of programme assets and deviations in use of funds; inequitable distribution of benefits	L-M	develop procurement and implementation procedures and regulations; provide training; regular supervision and M+E; stakeholder sensitization & awareness; encourage transparency	L
Stable socio-political and economic environment, including stable food prices	L	Strengthen rural economy; promote employment creation; promote production of food staples and agro-processing;	L
Sufficient, timely, long-term commitment of financial support to implement SCP	M	Active communication, interactions with development partners and mobilisation of resources; collaboration and support with ECOWAS;	L

² L = low; M = medium; H= high

Sustainability

112. High government commitment to agriculture is without doubt. This is reflected in government's commitment in meeting the Maputo Declaration commitment of 10 percent of national budget allocation to agriculture, with a current allocation of 9.9 percent, and their preparation of the NSADP/CAADP. In line with principles of the Paris Declaration, government has shifted to a "new way working," so that strategies and programmes are government-led and owned, which reinforces sustainability. The SCP will be implemented through existing institutions, in specific MAFFS who will be a key player in coordinating and overseeing implementation. MAFFS will be supported through capacity building at decentralised and national levels to improve and sustain high-level performance with particular focus on new ways of working (FFS, farming as a business, etc.). Management and oversight of SCP will be fully integrated and mainstreamed into MAFFS in order to build institutional capacity and ensure sustainability of interventions.

113. Primary beneficiaries of SCP are FBOs and ABCs, who will receive extensive capacity building and mentoring support in management, business planning and commercialisation (e.g. agribusiness) with the view of self-management, self-financing and long-term growth. This should reduce risk of failure and encourage their sustainability. Development of ABC networks, partnerships: including with NAFSSL and especially with the private sector for input and output markets and establishment of outgrower schemes offer viable exit strategies for SCP support, reducing levels of need for external government/donor assistance. As expected, a transitional period toward ABC self-reliance will be required so that ABCs have adequate time and mentoring support to effectively assume their roles and responsibilities. Demand-driven and locally identified value chains encourage sustainability, as these are promising commercially viable commodities and integrated into local and regional market economies. Engaging and working through District and Ward Councils and promoting integration of SCP interventions in district development planning promote sustainability of interventions, such as feeder roads and community tree plantations, which will require follow maintenance. Productive safety nets should create employment opportunities, notably for youth, and generate vital sources of incomes that could be used as start up capital for small enterprise development and agribusiness.

Innovative Features

114. A core feature of SCP is group formation around FFS. The FFS is an innovative model as it builds on and is an expansion of conventional FFS, which has been supported development partners, MAFFS and private sector with successful and sustainable results. FFS broadens the model by introducing topics concerning improved livelihoods, including literacy, nutrition, prevention of HIV/AIDs etc., and gives greater emphasis to smallholder commercialization (commodity chains, business planning, management and marketing etc). Building FBO empowerment and autonomy specifically through the creation of ABCs with the intention of forming limited liability companies or cooperatives and networks, is a shift from previous models by putting FBOs/ABCs at the centre - increasing their responsibility for their own development of commercialised activities. Promoting collaboration and partnerships from relevant institutions and rural actors such as MAFFS, District Councils and private sector is a different entry point from previous approaches to development assistance.

VII. Issues

Issues to be solved

115. There are several technical and operational issues that will require further consideration and specification. The following topics should be given particular attention during program preparation and the design of SCP implementation arrangements:

- Decision-making processes, actors involved and accountability structures when determining: ABC locations, FBOs who constitute the ABC, membership of FBOs as well as commercial activities of ABCs including identification of priority commodity chains and beneficiaries;
- Decision-making processes and actors involved in identifying feeder roads;
- Modalities for targeting across all SCP activities, particularly in selection of participants engaged in productive asset creation (with food for work support);

- Land tenure arrangements and consideration of lease agreement options for households farming IVS plots
- Shift in the extension service approach based on new models of “agriculture as a business” with stronger business management especially in training, and emphasis on a transition from government-supported ABCs to self-reliant ABCs.