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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 12-Jul-2017 | Report No: PIDISDSC19912



BASIC INFORMATION

A. Basic Project Data

Country Sierra Leone	Project ID P160295	Parent Project ID (if any)	Project Name Sierra Leone Agro-Processing Competitiveness Project (P160295)
Region AFRICA	Estimated Appraisal Date Oct 18, 2017	Estimated Board Date Feb 08, 2018	Practice Area (Lead) Trade & Competitiveness
Financing Instrument Investment Project Financing	Borrower(s) Republic of Sierra Leone	Implementing Agency Ministry of Trade and Industry	

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Proposed Development Objective(s)

To improve business environment in agribusiness sector and increase productivity of targeted agro-processing firms in Sierra Leone.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	10.00
Total Project Cost	10.00

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track I-The review did authorize the preparation to continue
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Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No

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Other Decision (as needed)



B. Introduction and Context

Country Context

Sierra Leone, a low-income country with a population of 7.1 million people, has made good progress towards political stability and economic growth. The country has had three relatively peaceful national elections since the end of the 10 year civil war in 2002 and recorded average annual growth of 7.8 percent from 2003-2014. Post-war economic growth continued to be robust, bolstered by the resumption of iron ore exports, increased inflows of foreign direct investment (FDI), and rising government revenues. These developments led to a surge in economic activity, manifested in GDP growth of 15.2 percent in 2012 and 13 percent in 2013. In spite of the impressive growth, 2015 GDP per capita was US\$653.1, well below the Sub-Saharan Africa average of US\$1588.5. Poverty levels remain high, even though the poverty headcount declined from 66.4 percent in 2003 to 52.9 percent in 2011.¹ Strong growth in rural areas, where poverty declined from 78.7 percent in 2003 to 66.1 percent in 2011, explains much of overall reductions in poverty. However, rural poverty level is still higher than urban poverty. While about 62 percent of the working age-population is formally or informally employed, there is a dearth of good quality jobs, particularly among urban youth and in rural areas.² The lack of sufficient technical and vocational skills needed for the labor market compounds the unemployment problem despite the potential offered by a growing workforce that is dominated by young people

Sierra Leone has vast natural resources and the economy is heavily dependent on its land endowments; mineral resources including rutile, diamonds, gold, chromite and iron ore; water and tourism. Agriculture including forestry and fisheries still accounts for the largest GDP share but that share declined from 57percent in 2012 to 41percent in 2013. The mining sector's contribution to GDP increased substantially from 8.5 percent in 2011 to 16.8 percent in 2012 and on to 27.2 percent in 2013 due to the expansion of large-scale iron ore operations. The service sector, led by banking, retail, transport and tourism, accounted for 28.8 percent of GDP in 2013, down from 35.5 percent in 2011, while the manufacturing sector, dominated by cement and light manufacturing, accounts for only 2percent of GDP.³

Sectoral and Institutional Context

The promotion of value addition and private sector-led growth in agriculture are essential elements in achieving its vision and goal of the AfP. The National Sustainable Agriculture Development Plan (NSADP) serves as the overarching sector strategy with a focus on: (i) Commodity Commercialization, (ii) Agriculture Infrastructure Development, (iii) Private Sector Promotion and (iv) Sector Coordination and Management. Through the NSDAP, The Smallholder Commercialization Program (SCP) 2010 -2015, helped organize smallholder farmers by establishing Farmer Based Organizations (FBOs) and Agribusiness Centers (ABCs), involving about 122,500 farmers, of which 30 percent were female-headed households. The ABCs were designed as farmer-owned multi-purpose facilities delivering a broad range of services, including micro-credit, sales of inputs and tools, rental of labour-saving equipment, storage of seeds and farm products, processing, transport, information on new technologies and markets and group marketing. The successor of the SCP, the Inclusive Comprehensive Agricultural Development Program (ICADEP), 2016-2020 focuses on private sector-led commercialization and agribusiness development as a basis for inclusive growth. Key tenets of the strategy emphasizes reduced government intervention with an emphasis on implementing evidence-based private

¹ World Bank and Statistics Sierra Leone, A Poverty Profile for Sierra Leone, June 2013

² Statistics Sierra Leone, World Bank, ILO, Sierra Leone 2014 Labor Force Survey

³ Statistics Sierra Leone: Report on 2013 Real GDP Figures, October, 2014



sector support policies and projects.

Strengthening economic diversification is a policy priority for achieving strong and sustainable growth and reducing poverty in Sierra Leone. Currently, the economy is dominated by mining and agriculture but there is huge potential to diversify into other sectors such as fisheries, light manufacturing, and tourism. While mining has dimmed, there are bright prospects for agribusiness investments. The Sierra Leone Investment and Export Promotion Agency (SLIEPA), has prioritized increased investment inflows in agribusiness as a key objective in its Strategic Plan, 2016 – 2018. This strategy aims to attract domestic and foreign direct investments and to develop and diversify exports, particularly in the agricultural sector, given the sector’s contribution to GDP and livelihoods. In addition, SLIEPA supports SMEs to enhance their competitiveness and participation in trade. Both the investment Promotion and Export Development and Promotion Departments have developed strategies and activities that focus on enhancing competitiveness of agribusiness, SMEs and other segments in agribusiness value chains that have strong potential for creating jobs and income opportunities.

Relationship to CPF

The proposed project is aligned to Pillar 1 of the Bank’s Strategy for Africa, competitiveness and employment and consistent with the pillars on diversified economic growth and international competitiveness in GoSL’s Agenda for Prosperity, the Third Generation Poverty Reduction Strategy, 2013-2018. The AfP prioritizes agriculture and agribusiness as a key sector for promoting economic diversification because of its long term potential for inclusive sustainable growth and value addition. In addition, the proposed project is aligned to components 2 and 3 of the Inclusive Comprehensive Agricultural Development Project (ICADEP) that focus on commercialization and agribusiness development. Project interventions are also consistent with the Private Sector Recovery Priorities relating to creating jobs and supporting MSMEs to increase their competitiveness in key agricultural value chains.

The proposed project will directly contribute to the Joint Country Assistance Strategy (JCAS) 2010-2013. Pillar 1 on promoting inclusive growth. The 2012 Country Assistance Strategy Progress Report (CASPR) recognized the potential of agriculture, agricultural value addition, and supporting services in driving an inclusive growth strategy.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

The project objective is to improve business environment in agribusiness sector and increase productivity of targeted agro-processing firms in Sierra Leone.

Key Results (From PCN)

- Lower unit cost of production for local agro-processing firms
- Increased agro processing investment (from existing and new agro-processing firms)
- Improved institutional framework for coordination of agro processing investments



D. Concept Description

In Sierra Leone, productivity and growth of agro-processing firms is held back by key market failures and constraints, characterized by limited knowledge of FDI linkages and market opportunities, coordination externalities, weak supply chain linkages, lack of access to finance and technology, policy failures, and skills gap. Consequently, most local and foreign-owned agro-processing firms have installed modern plants and utilize state of the art technology but have low productivity and operate at less than 30 percent utilization

The proposed project focuses on enhancing domestic value addition in agro-processing through strengthening vertical (forward and backward) linkages between local companies and foreign investors. Such linkages provide important channels for enhancing competitiveness of the sub-sector through flow of new technology, know-how, innovation, and skills. Interventions supporting domestic value addition in agro-processing will involve local and foreign actors that are operating in the sub-sector as well as those that provide goods and services to the industry. Project interventions will emphasize upgrading of local large enterprises and SMEs, enabling them to be competitive in domestic, regional, and international markets.

Project interventions will address key market failures and constraints that limit competitiveness of agro-processing firms in domestic and international markets (see annex 1). Modalities for project support will include financing and technical assistance for targeted investment promotion and retention and connecting local companies to foreign investors in ways that enhance the benefits of agglomeration economies and networking effects

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project location is collocated with the catchment area of the SCADeP Project. The specific sub-project sites are yet to be determined.

B. Borrower's Institutional Capacity for Safeguard Policies

The Ministry of Trade and Industry being the borrower for the project will work in close collaboration with the Ministry of Agriculture Forestry and Food Security through the Worldbank Funded Smallholder Commercialization and Agribusiness Development Project (SCADeP). The project coordinating unit for the implementation of the project will recruit a safeguards specialist and will work in close collaboration with the safeguards specialist of the SCADeP project who are already in place. It is expected that through the close collaboration with the SCADeP project, the needed capacity building for the client will take place throughout implementation.

C. Environmental and Social Safeguards Specialists on the Team

Demba Balde, Gloria Malia Mahama, Anita Bimunka Takura Tingbani

D. Policies that might apply



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Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The proposed project categorization is B (partial assessment). The project will fund agro-processing equipment and other value chain enhancement activities, the impacts associated with these activities are expected to be site-specific and reversible in nature. An environmental and Social Management Framework (ESMF) will be prepared and disclosed prior to appraisal. The ESMF will outline measures for screening of sub-projects to determine any further environmental assessment that might be required during implementation. The ESMF will also provide a template for the preparation of an EMP based on the screening results of sub-projects.
Natural Habitats OP/BP 4.04	No	The project is not expected to impact on any natural habitats because the proposed activities will be limited to existing agro processing firms. The project is also not expected to fund any expansions in agriculture production areas.
Forests OP/BP 4.36	No	Forests will not be impacted by the project
Pest Management OP 4.09	No	The project activities do not involve any pest management activities.
Physical Cultural Resources OP/BP 4.11	No	It is not expected that any physical cultural resources will be impacted.
Indigenous Peoples OP/BP 4.10	No	The policy is not triggered because there are no indigenous people (as per definition) in the project area.
Involuntary Resettlement OP/BP 4.12	TBD	Triggering OP4.12 will be determined during appraisal. The project will provide matching grant to support domestic value addition in agro-processing. The project still needs to clarify whether or not the activities funded under the matching grant will lead to construction of warehouses, agro-processing units or any activities that may require land acquisition.
Safety of Dams OP/BP 4.37	No	The Project does not involve construction or rehabilitation / maintenance of dams.
Projects on International Waterways OP/BP 7.50	No	The Project does not involve International Waterways.
Projects in Disputed Areas OP/BP 7.60	No	The Project does not involve Disputed Areas.



E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

May 22, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The need for safeguards related studies will be determined during preparation missions. An Environmental Assessment and any other required safeguards studies will be prepared prior to appraisal.

CONTACT POINT

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APPROVAL

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Approved By

Safeguards Advisor:	Maman-Sani Issa	02-May-2017
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Practice Manager/Manager:		
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Country Director:		
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