



# **MULTI-DONORS AGRICULTURAL FAST TRACK FUND (AFT)**

## **ANNUAL REPORT 2015**

**Submitted by the AFT Coordination Unit, the African Development Bank**

**To**

**USAID, SIDA & DANIDA**

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## Acronyms and Abbreviations

AATIF	:	Africa Agriculture and Trade Investment Fund
AfDB	:	African Development Bank
AFT	:	Agriculture Fast Track Fund
AP	:	Action Plans
AWPB	:	Annual Work Plan and Budget
CAADP	:	Comprehensive Africa Agriculture Development Programme
CN	:	Concept Notes
CU	:	Coordination Unit
DANIDA	:	Danish Agency for International Development
DFIs	:	Development Finance Institutions
ESIA	:	Environmental and Social Impact Assessment
FIs	:	Financial Intermediaries (both debt and equity financial Institutions)
FFCO	:	Financial Control and Financial Management Department
FRMB	:	Resource Mobilization and External Finance Department
GECL	:	General Counsel and Legal Services Department
M & E	:	Monitoring and Evaluation
MoU	:	Memorandum of Understanding
MSMEs	:	Micro, Small and Medium Enterprises
G8	:	Group of 8
OC	:	Oversight Committee
OG	:	Operational Guidelines
OPSD	:	Private Sector Department
ORPC	:	Operations and Policy Department
ORPF	:	Procurement and Fiduciary Services Department
OSAN	:	Agriculture and Agro-Industry Department
PCR	:	Project Completion Report
REOIs	:	Request for Expression of Interests
RMCs	:	Regional Member Countries
SIDA	:	Swedish International Development Cooperation Agency
TFMS	:	Trust Fund Management System
TOR	:	Terms of Reference
TRC	:	Technical Review Committee
USA	:	United States of America
USAID	:	United States Agency for International Development



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AGRICULTURE  
FAST TRACK



## Executive Summary

The Agricultural Fast Track Fund (AFT) is a Multi-Donor grant Fund established in May 2013 with funding support from the United States Government, represented by USAID, the Danish Government, represented by DANIDA, and the Swedish Government, represented by SIDA. The goal of the Fund, domiciled at the African Development Bank (AfDB), is to reduce the infrastructure deficiency in the African agriculture sector by developing a pipeline of investment-ready projects that will be attractive to Development Finance Institutions (DFIs) and other agricultural finance organizations, and can engage the private sector as project sponsors. The AFT targets agriculture infrastructure projects with a total investment size of over US \$1 million to defray the front-end project development costs and risks that commercial developers are often unwilling to shoulder alone. It seeks to finance upstream work of project design, including feasibility studies, business plans development, product and process certification, market analyses, environmental and social impact assessments (ESIA) and other activities that are necessary to ensure quality project design. The objective is to develop and advance a pipeline of bankable food security projects that support Africa's agricultural transformation agenda. It will 'fast track' promising agricultural ideas and businesses into bankable investments for uptake by Development Finance Institutions (including but not limited to the AfDB) as well as commercial financial institutions serving the African continent.

During the early periods of the pioneer phase (2013-2014), AFT grants were approved for 12 business enterprises selected from six regional member countries (RMCs) of the African Development Bank: Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania. AFT activities are expected to be extended to four countries, Benin, Malawi, Nigeria and Senegal in subsequent phases. During the period, total approved grants were valued at US\$5,502,178. As provided for in the AFT Operational Guidelines (OG), the Technical Review Committee (TRC) and the Oversight Committee (OC) provided fund governance function for AFT while the AFT Coordination Unit (AFT CU) was responsible for coordinating the day to day activities of the Fund. As provided for in the OG, the Bank through its Financial Control and Financial Management Department (FFCO) had recruited an external auditor that reviewed the 2014 Special Purpose financial statements of the AFT and subsequently produced an Audit Report for the year ended 31 December 2014.

In 2015, the activities of the Fund were restricted to supporting the existing twelve grantees carried over from 2014. As at December ending 2014, disbursements were not yet made in the project. Among the reasons for this is the reliance on the Bank's rather slow and cumbersome procurement and disbursement processes and the inadequate procurement capacity of the grantees. In reaction to the inactivity in disbursement, the AFT donors placed sanctions on further Calls for Proposal while efforts were intensified to addressing some of the identified problems and facilitate implementation of the already existing grants.

On its part, the Bank took steps to address the negative trend by embarking on a complete restructuring of the coordinating team, appointing a new AFT project coordinator and recruiting long-term consultants and support staff to the AFT CU. Although no fresh Calls for Proposals were made, the AFT grant disbursement performance picked up from 0% in December 2014 to 7.5% in June 2015 and 25% by end of December 2015. Furthermore, the new AFT coordinating team and donors took drastic steps towards streamlining the entire procurement and disbursement processes and expanding available options that would meet the needs of AFT's largely private sector recipients. The efforts came in the form of series of meetings (video/audio conference and in-person) from July-December 2015, full articulation of the important elements to be considered during the eventual review of the AFT Operational Guidelines (OG), and development of several Toolkits to aid the fast-tracking of the AFT implementation processes. Furthermore, project Action Plan for 2016 was articulated and on the strength of the new vision and understanding the 2016



Annual Work Plan and Budget (AWPB) was developed. Other activities embarked upon by the ATF CU during the year include the updating of the AFT website, development of communication toolkits (including AFT Newsletter, posters, flyers, roll-up banner, etc), usual day to day interaction and technical backstopping of the existing recipients, and commencement of the process of expansion of the pool of pre-qualified and pre-registered consultants available for use by the AFT grant Recipients, to include local service providers and individual consultants of diversified skills/expertise and different value chains. Meanwhile the Technical Review Committee (TRC) and Oversight Committee (OC) continued to provide their Fund Governance functions (providing oversight and operating modalities) as outlined in the Operational Guidelines (OG).

All the recent efforts were geared towards facilitating the procurement and disbursement processes and procedures to ensure timelines of implementations and the achievement of efficiency and effectiveness in project delivery. Moving forward in 2016, decision had been reached between the donors and AFT Coordinating Unit to go for full-scale Calls for Concept Notes and Calls for Proposals starting from the first quarter of the year. In order to ensure transparency, the selection and consideration criteria would be included in the official Calls for Concept Notes (CN) and Calls for Full Proposals. Approvals would continue to be largely dependent on the quality of grant applications received through the Calls for Proposals preceded by Calls for Concept Notes. Among others, processing steps would include evaluation of the applications received, preparation of Grantee procurement plans, grant award and notification, preparation of grant agreements, signature and launching activities.



## 1. Introduction

At the 2012 Camp David Summit, the leaders of the G8 countries (France, Germany, Italy, Japan, the United Kingdom, the United States, Canada, and Russia), in partnership with African leaders created the New Alliance for Food Security and Nutrition. The aim of the New Alliance is to increase domestic and foreign private investments in African agriculture, take innovations that can enhance agricultural productivity to scale, and reduce the risk borne by vulnerable economies and communities. By aligning on the commitments of the African leaders to drive effective country plans and policies for food security, the commitments of private sector partners to increase investments where the conditions were right, and the commitments of the donors to expand Africa's potential for rapid and sustainable agricultural growth, the New Alliance intends to achieve a sustained and inclusive agricultural growth that will lift about 50 million African people out of poverty over a 10-year period. To operationalize and execute the vision of the New Alliance, a Multi-Donor Agriculture Fast Track Fund (AFT) was launched in May 2013 with funding support from the USA Government, represented by USAID; the Danish Government, represented by DANIDA; and the Swedish Government, represented by SIDA. The AFT is domiciled at the African Development Bank (AfDB).

The goal of the AFT is to reduce the infrastructure deficiency in the agriculture sector by developing a pipeline of investment-ready projects that will be attractive to Development Finance Institutions (DFIs) and other agricultural finance organizations, and can engage the private sector as project sponsors. The AFT, which targets agriculture infrastructure projects with a total investment size of over US \$1 million, aims to defray the front-end project development costs and risks that commercial developers are often unwilling to shoulder alone. The Trust Fund seeks to finance upstream work of project design, including feasibility studies, market analyses, and other activities necessary to ensure quality project design. The Objective of AFT is to develop and advance a pipeline of bankable food security projects that support Africa's agricultural transformation agenda. It will 'fast track' promising agricultural ideas and businesses into bankable investments for uptake by Development Finance Institutions (including but not limited to the AfDB) as well as commercial financial institutions serving the African continent.

The AFT will provide new resources targeted to developing high-value agriculture projects that are aligned with Comprehensive Africa Agriculture Development Programme (CAADP) investment plans. It will improve the pipeline of bank-financed projects as well as the pipeline for other DFIs and also provide resources for Regional Member Countries (RMCs) of the African Development Bank to undertake the upstream work of project development. According to the initial design, all grants from the AFT will be recipient-executed. The Fund's grants can be accessed by Micro, Small and Medium Enterprises (MSMEs) in the agriculture sector, Government agencies preparing agriculture infrastructure projects, non-governmental and Civil Society Organizations (like farmers' organizations), Agriculture Fund Managers with clients seeking last mile financing or advisory services, and the Bank units such as Agriculture and Agro-Industry Department (OSAN) and the Private Sector Department (OPSD). The prioritization of projects will be based on the selection criteria for the AFT that will be approved by the Oversight Committee (OC).

During the early periods of the pioneer phase (2013-2014), AFT grants were approved for 12 business enterprises selected from six regional member countries (RMCs) of the African



Development Bank: Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania. The AFT activities will be extended to four (4) countries, Benin Republic, Malawi, Nigeria and Senegal in subsequent years. This report presents highlight of the past and key on-going implementation activities of the AFT Coordination Unit in 12 months (January to December, 2015), as well as the major lessons learned, key challenges and way forward on the programme.

## 2. Pre-2015 Project Achievements

The following are highlights of some project achievements associated with the first 18 months of the programme. It is, however important to note that most of these have been indicated in the 2013-2014 Annual Report:

- **Project work program budget for first 18 months.** A total of US\$900,000.00 was budgeted for project work program during the first 18 months (July 2013 - December 2014). Of this, US\$265,654.00, representing 29.50% of the budgeted fund, was utilized.
- **Grant beneficiaries.** Twelve grantees<sup>1</sup> benefitted from the approved AFT grants valued at US \$5,502,178 (*Appendix I*).
- **Fund Governance.** The Technical Review Committee (TRC) and Oversight Committee (OC) provided fund governance function for AFT as outlined in the Funds Operational Guidelines (OG).
- **Project and Fund Audit.** In line with the AFT OG, each of the grants will be audited at least once over the course of its life. The ORPF Department on behalf of the African Development Bank recruited an external auditor that reviewed the AFT Special Purpose Financial Statements and subsequently produced an Audit Report for the year ended 31 December 2014. The Audit report has been submitted to the donors.

## 3. Highlight of Major Activities Undertaken in 2015 (January to December)

### 3.1 Fund Governance, Work Programme Budget, Disbursements and Call for Proposals

**3.1.1 Fund Governance.** The Technical Review Committee (TRC) and Oversight Committee (OC) governed the Funds (providing oversight and operating modalities) as outlined in the Operational Guidelines (OG). The OC met virtually (via email and/or teleconference) to make fund governance decisions. Chaired by the Director of the Agriculture and Agro-Industry Department (OSAN), the TRC comprises of representatives of OSAN, Private Sector Department of the Bank (OPSD), Resource Mobilization and External Finance Department of the Bank (FRMB), General Counsel and Legal Services Department of the Bank (GECL), Operations and Policy Department of the Bank (ORPC), Procurement and Financial

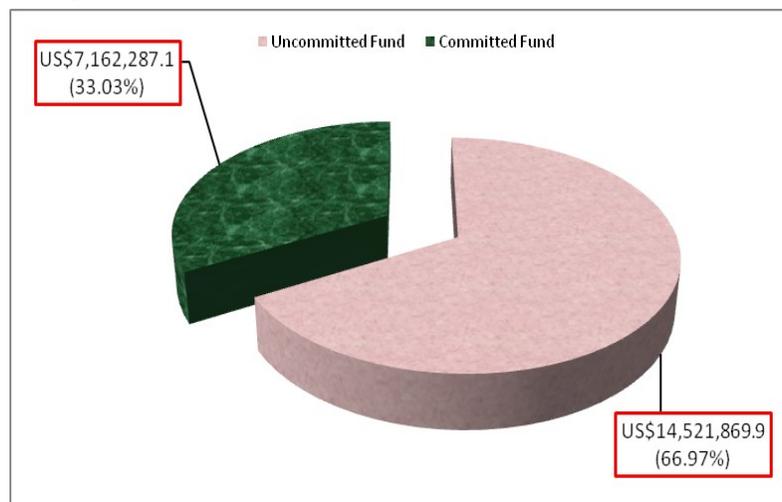
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<sup>1</sup> The existing 12 grantees are FENACOVICI, SIPRRA and Louis Dreyfus Commodities (Cote d'Ivoire), Association WendPanga (Burkina Faso), African Bamboo Company (Ethiopia), Practical Care Agribusiness (Ghana), ECOFARM and ODEBRECHT (Mozambique), and AGDEVCO, DARSH Industries, TANGA Fresh and KIJANI Agro (Tanzania).

Management Department of the Bank (ORPF) and the Financial Control Department of the Bank (FFCO). A total of US\$964 was spent against a budget of US\$1,000.

### 3.1.2 Project Work Program Budget

The AFT is administered by the African Development Bank (AfDB) and currently holds a total balance of uncommitted funds amounting to US\$14,521,869.90 out of the original fund endowment (US\$21,684,157) of contributions from the Governments of Denmark, Sweden and the United States of America (USA). The committed fund is 33.03% of the original fund endowment (Figure 1).



**Fig 1: The Committed and Uncommitted AFT Fund as at 31 December 2015**

The 2015 Annual Work programme budgeted a total of \$1,110,401.00 for operational expenses. Of this, the Fund utilized US\$411,285.00 as reflected in the Bank’s TFMS Grant Budget. This represents 37.02% of the AFT funded budget. In 2014, US\$265,654.00 representing 29.5% of the budget was used. An overview of 2015 budget implementation and variance is included in *Appendix I* of this document. Gaps in programme and budget implementation were attributed to:

- Non-recruitment of Legal Expert, and delay in the recruitment of the other Long-term Consultants (Communications, Operations, Procurement & M&E Experts) - 37% of Personnel budget was spent;
- There were no new Calls for Proposals during the year under review.
- Challenges linked to the use of Bank Procurement and Disbursement processes, which tend to be cumbersome.

### 3.1.3 Grant Disbursement and Implementation Status

The project implementation in 2015 was limited to the existing grantees carried forward from 2014. The focus was on advancing the implementation of the programmes and projects being



funded under the AFT through the simplification of the procurement processes within the framework of the Bank's new Procurement Policy that was adopted during the year. As a result, a remarkable improvement has been made on the disbursement rate of the approved grant amounts.

The Recipients have to date benefitted from approved AFT grants to the tune of US \$5,502,178 total valued. However, during the year under review two projects – Darsh Industries and Msugulika Dam AGDEVCO were terminated with grant award totalling US\$480,500 being reallocated to the general pool fund. Therefore what actually stands out as the total grant award in 2015 amounted to US\$5,021,678. The amount disbursed as at 31 December is US\$1,238,217 representing 24.66% disbursement rate compared with 0% and 9.80% disbursement rates as at December 2014 and June 2015 respectively (Table 1).

Table 1: Approved and disbursed AFT grants for 2014 and 2015

Period ending	Approved Project (US\$)	Disbursement (US\$)	Undisbursed (US\$)	Disbursement as % of Approved
31-Dec-14	5,502,178	--	5,502,178	0
30-Jun-15	5,502,178	539,387	4,962,791	9.80
31-Dec-15	5,021,678	1,238,217	3,783,461	24.66

As at December 2015, a total of 12 grants valued at US\$ 5.502 million were approved for a wide range of Agriculture Value Chain development activities in Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania (*Appendix I*). In summary, the activity areas being financed in these countries include animal feed processing, horticulture, rice milling, poultry production, soymilk production, and the processing of bamboo. Furthermore, these efforts have helped to set the stage for the Next Call for Proposals in the First Quarter of 2016. However, two projects, Darsh Industries and Msugulika Dam AGDEVCO, with grant award totalling US\$480,500 had been terminated. The cancellation of the award to Darsh Industry followed the Recipient's own decision not to proceed with the use of AFT grant and subsequent notification of the decision to the Bank in May 2014. For Msugulika Dam AGDEVCO, the cancellation on 2/16/2015 followed the Recipient's non-responsiveness to initiate implementation of the grant after over 12 months of the award. The 2015 Annual Work Plan Completion Status is presented in *Appendix II*. Also the Fund's Summary of Accounts as at 31st December 2015 presented in *Appendix III*.

Out of the total funds available to AFT of US\$21,682,987, total commitments (on-going AFT activities) as at December 2015 amounted to US\$7,054,428. This amount is mainly made up of: project activities for 10 Grantees US\$5,026,678 (actual disbursement of US\$1.23 million in 2015); long-term Consultants US\$942,000 (actual in 2015 is US\$347,898); and AfDB Management Fees of US\$692, 349 (actual in 2015 is US\$217,092). The AfDB currently holds a total balance of uncommitted funds amounting to US\$14,521,869.90 (out of the original fund endowment of US\$21,684,157), with contributions from the Governments of Denmark, Sweden and the United States of America (USA).



### 3.1.4 Calls for Proposals

There were no Calls for Proposals during the year 2015, given the moratorium placed by the AFT Fund Donors due to the earlier low rate of disbursement. This was, however, relaxed in view of the changes in the AFT Coordination, the recruitment of consultants, and the improvements in the disbursement rate. Added to these were the efforts by donors and the AFT Team at the Bank to discuss and enunciate further the ways and means of further improving the speed of implementation of the AFT-funded projects.

Based on experience with origination, screening and grant approval, the AFT CU and donors, during in-person meeting to harmonize the Action Plan for 2016 proposed to launch one Call during the 1<sup>st</sup> quarter of 2016, and another Call during the 3<sup>rd</sup> quarter with each call being open for 4-6 weeks. The origination process would emphasize:

- Awarding grants to applicants that demonstrate a high proof of concept (as demonstrated in the Terms of Reference (TOR), which will now become part of the application process). Based on the review of 162 applications over previous Calls for Proposals, it has, among other things, become evident for the need to assess and determine: (a) applicants' level of readiness and understanding of their overall business needs, and (b) rationale and validation for cost estimates for grant requests.
- Awarding grants only where the value addition by AFT is evident. In addition to the selection criteria on value-addition, the AFT CU would consult with colleagues in the field and other Financial Intermediaries (FIs) to avoid duplication of efforts and financing for the same activities.
- Collaboration with colleagues across Development Finance Institutions (DFIs) and Financial Intermediaries (FIs) in the Private Sector to build a firm pipeline that is likely to receive project finance. Future pipeline would identify both public and private sector projects.

## 3.2 Other Key AFT Activities Undertaken in 2015

### 3.2.1 Meetings with donors

A series of meetings were held with donors during the project year 2015. The meetings were of two platforms: video/audio conference and in-person meetings.

#### 3.2.1.1 Video/audio conference meetings.

The AFT Team at the Bank held a series of video/audio conference meetings with the donors in an attempt to redirect and streamline the project for efficient service delivery. A total of nine (9) of such meetings were held from June to December 2015. Among other things, the meetings provided ample opportunities for discussions of the four alternative procurement options (Options A, B, C & D) being proposed for consideration by the donors with a view to understanding the entailment and implication(s) of implementing each in AFT. Each of these options are briefly described below.

- Option A: Utilizing a grantees' own procurement processes

- Option B: AFT Staff Managing Procurement on Behalf of Grantees
- Option C: Use of a Fund Manager
- Option D: Co-Application as Competition (Allows grantee and service provider to submit application jointly)

After thorough review and consideration, Option A was retained while options B, C and D were dropped because they were found not to be feasible. For the AFT CU, the output was the development of a White Paper on the accepted Option A for detailed review and discussion during an in-person meeting held in November 2015. The last audio conference for the year was held on 30 December 2015 to review the year 2016 Action Plan.

### 3.2.1.2 In-person meeting with donors.

The in-person meeting was held from 10-13 November 2015 (*Figure 2*).



**Fig. 2: AFT donors and CU meeting in Abidjan, Cote d'Ivoire, 10-13 November 2015**

The purpose was to review the AFT operations since inception, identify and discuss the implications (including costs and staff time requirements) of the alternative procurement and processing options (A & C) placed on the table, and finalize decisions on the steps to be taken to move the project forward. The donors were represented by Elizabeth Diebold, Lead, Agriculture Finance and Investment and Harsha Kodali, Agricultural Finance Specialist, both of the Office of Market and Partnership Innovations, Bureau for Food Security, USAID, Washington, DC, USA. The AFT Team was led by Mr. Chiji Ojukwu, Director Agriculture and Agro-Industry, with the participation of Mr. Ken Johm, Lead Agriculture Economist and the AFT Oversight Coordinator; Mr. Jonas Chianu, Agricultural Economist and AFT Coordinator; Mr. Modou Njie, AFT Consultant Operations Expert; Mr. Mamadou Sevede, AFT Consultant Procurement Expert; Mr.

Alfred Ifeanyi Ojiako, AFT Consultant M&E Expert, Ms. Grace Omondi, AFT Consultant Communications Expert; Mr. John Mensah-Quainoo, Consultant Procurement (ORPF), Mr. Yao Wottor, Chief Procurement Expert (ORPF), Ms. Chioma Onukogu (FRMB), and Ms. Cecile Kone, AFT Operations Assistant. The outcome of the meeting include: (a) Decision on the modalities for implementation of procurement option A, which conforms with the Bank's practice; (b) Project Action Plan for 2016; (c) Setting of targets and timelines for Q1-Q4 2016; (d) Review of different application documents (including CN and Full Application forms); and (e) Discussion of the Draft of Pre-Call Communication Plan.

The USAID team used the occasion of the meeting to commend the AFT CU for its focus and for using learning from past operations to define a new model for the programme. The team encouraged this continued commitment as the date for the next Call for Concept Notes approaches. During the meeting, it was agreed that the Next Call for Concept Notes would be announced in March 2016. In addition, the strategies for the project's M&E framework, Communication, and Procurement and Operations processes were identified and advanced.

### 3.2.2 Interactions with AFT recipients

Efforts were intensified in 2015 to scale up on the levels of grants disbursement through interaction with the existing grant recipients. Media of interaction used included conference meetings, telephone calls, and email correspondence. Constant interactions had led to opening up on project challenges and propounding solutions accordingly. This had led to significant improvement in service delivery and project performance.

### 3.2.3 Visit of USAID and AFT CU to FENASCOVICI

On Friday, 13 November 2015, the USAID team together with the members of the AFT CU made a joint field visit to Fédération Nationale des Coopératives de Vivriers de Côte d'Ivoire (FENASCOVICI) in Abidjan, Cote d'Ivoire (*Figure 3*).



*Fig. 3: Representatives of USAID, FENASCOVICI and AFT CU during working visit to FENASCOVICI Office, Abidjan, Cote d'Ivoire.*



FENASCOVICI is a national growers' federation of 11 cooperatives with about 36,000 members in the agriculture and agro-industry sector. In 2014, the cooperatives groups received AFT grant to the tune of US\$551,990 to finance the costs of environmental and social impact assessments, technical feasibility study, and development of a business plan for its planned agribusiness development project. The USAID team comprised of the Agriculture Finance and Investment Lead, Elizabeth Diebold, the Agricultural Finance Specialist, Harsha Kodali and a staff of USAID Office in Abidjan, Côte d'Ivoire, Rebecca Levy. The Coordinator, Jonas Chianu, led the AFT team.

### **3.2.4 Updating of the AFT Website**

Following the engagement and resumption of duty of the Communication Specialist, the AFT website has been undergoing incremental improvement since the last quarter of 2015. These modifications are in preparation for the next Call for Concept Notes in March 2016. The exercise was aimed at ensuring that future applicants would have a pleasant user experience when they log into the AFT website to initiate and later submit their applications. Applicants should soon expect enhanced functionality, browser interoperability and design. These are planned to be practically tested during the planned workshop of AFT stakeholders in Ghana during 15-16 February, 2016.

### **3.2.5 Development of communication toolkits**

During the last Quarter of 2015, the AFT CU developed the AFT communication toolkit. The purpose of the toolkit is to clarify the objectives of AFT and showcase the impact of project work. These materials, developed in English and French, are mainly targeted at AFT's external audience – Grant Recipients, partners in public and private sectors, Service Providers/ collaborators, and donors. AFT has produced posters, postcards, project flyers, roll-up banner, and infographic as part of the communication toolkit. These will be regularly updated based on project's activities and planned publication dates. In addition, part of the toolkit is 'AFT News', the AFT quarterly newsletter. With a catchy design and layout, the newsletter will serve as an additional communication tool to provide project information and update in the project's quest to build better connections with its internal and external audience. The Newsletter is also a platform for our project experts to weigh in their opinion on matters regarding food security and agricultural infrastructure in Africa. It is expected that the newsletter will build project visibility of the grant in the 10 implementation countries.

### **3.2.6 Re-defining AFT procurement and disbursement processes**

In an effort to improve implementation and results delivery, the AFT Coordination Unit expedited work with relevant departments within the Bank to define a streamlined framework for procurement and disbursement processing specific to AFT. This action was necessitated by the need to avoid implementation delays and ensure efficient service delivery. Sequel to this was the designing of new streamlined AFT Process Processing Flowchart (Figure 4), the Procurement Process Flowchart (Figure 5), and other related documents with process timelines for use in future implementation activities. Also, an Invoice Register has been created for use for lodging all invoices received. The register will also be used as tracking tool for all Grantee disbursements.

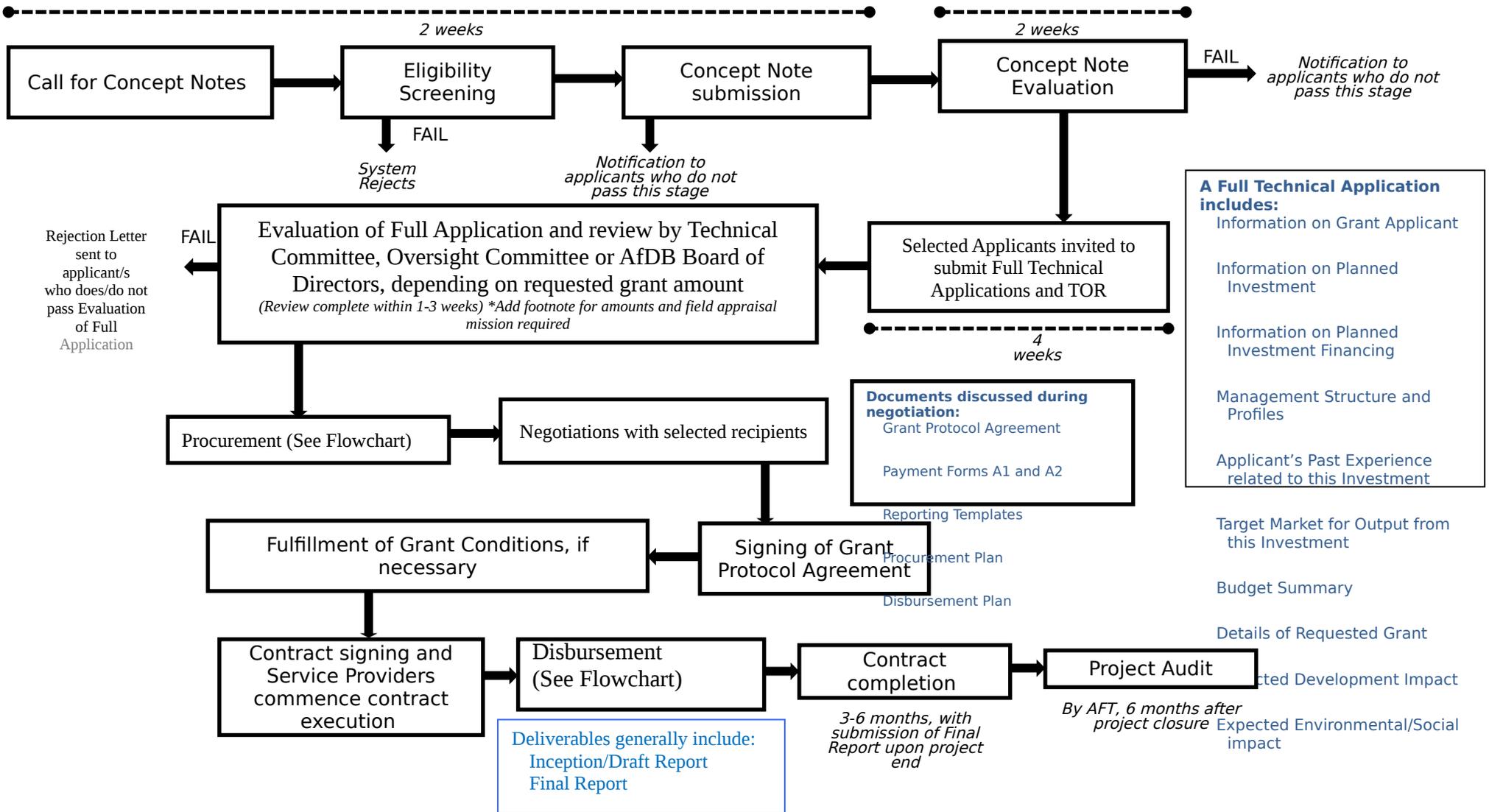
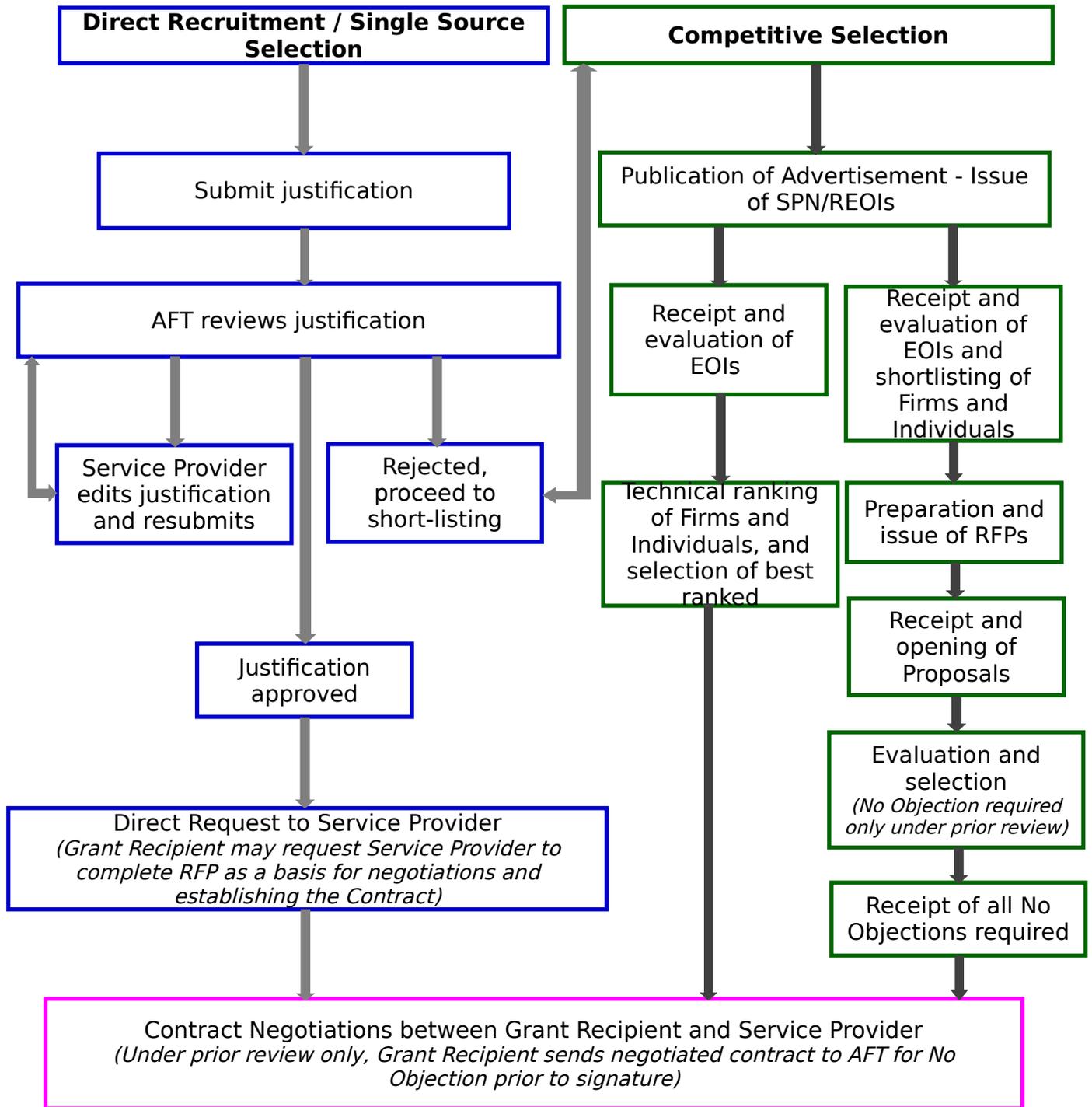


Fig. 4: Agriculture Fast Track Fund Project Processing Flowchart



**Notes:**  
 Select your Procurement Process based on the provided Procurement Toolkit  
 You may use the Service Provider Database on the AFT Website  
 Kick-starting the procurement process does not guarantee grant award by AFT

**Figure 5: AFT Procurement Process Flowchart for Selection of Individuals and Firms as Service Providers**



### 3.2.7 Review of Concept Note and Full Application documents

AFT has been undertaking a review of its overall operations and procedures in order to build a model for streamlining and simplifying grant award and execution. This review was intended to identify internal and external impediments, develop strategies for fast tracking the procurement of services and disbursement of funds to Grant Recipients, and reinforce good international best practices for grant disbursement, which in effect would help support the speed with which AFT objectives and Grantee projects are actualized. Part of this is the development of Procurement Toolkit for Grant Recipients' use in the Recruitment of Individuals and Consulting Firms as Service Providers. The Procurement Toolkit is a set of documents and guidelines aimed to assist the Grant Recipients in engaging the Service Provider. It is different from the Communication Toolkit described earlier in Section 3.2.5. When appropriately implemented, the recommendations from the revised operations procedures will shorten the timelines for grant approvals and enhance impact. The next Call for Concept Notes will be announced in March 2016 and will likely be open to 10 countries - Benin, Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Malawi, Mozambique, Nigeria, Senegal and Tanzania.

### 3.2.8 AFT Work Plan and Budget for 2016

Consequent upon successful in-person meetings of AFT CU and USAID donors, Actions Plans (AP) were articulated to guide the project activities moving forward into 2016. The AP covers procurement, fund operations, and toolkit items. On the strength of all these, the 2016 Annual Work Plan and Budget (AWPB) was prepared to build on the lessons learned from the implementation of the AFT in the previous years. It is also to reflect the new thinking of the donors, revamped AFT management and staff, and the streamlined procedures, and processes (application, procurement, and disbursement).

### 3.2.9 Miscellaneous issues

Other AFT activities undertaken by the Coordinating and Oversight Units of AFT include:

- Launching mission for Signature of Grant with WENDPENGA in Burkina Faso in February 2015
- Launching mission for Signature of Grant with Practical Care Agribusiness in Ghana in March 2015
- Launching/Identification Mission to Mozambique and Tanzania of the Coordinator, September in September 2014.
- Meeting with Donors represented by SIDA on May 2015.
- Work has begun on the expansion/updating of the AFT shortlist of pre-qualified consultants (firms and individuals, international and local). The request for expression of interests (REOIs) has been published and responses are already been received from prospective consultants.
- **AFT-CU held meeting with AATIF.** A meeting between the Africa Agriculture and Trade Investment Fund (AATIF) and AFT was held on 11 September 2015. The meeting was convened in response to a request by Sonja Riedke from Deutsche Bank (key AATIF investor), to discuss with the AFT team the possibility of a partnership with AFT. Given similar objectives between the organizations, it was agreed that AATIF and AFT would proceed with collaboration on information exchange and interactions, with the possibility



of a formal Memorandum of Understanding (MoU) at a later stage. The identified possible areas of collaboration include:

- ✓ Sharing pipeline of projects and contact details of potential grantees;
- ✓ Convening joint outreach events;
- ✓ Sharing external communication networks and promoting each other on communication platforms; and for
- ✓ OPSD2, possible sharing of proposed investment opportunities for co-finance with AATIF

## 4. Human Resources Management

### 4.1 Coordination and Oversight

The AFT Coordination Unit (AFT CU) is a member of the Agriculture and Agro-Industry Department (OSAN) of AfDB. The AFT CU carried out its mandate under the supervision of a Coordinator, a Lead Expert appointed by the Office of the OSAN Director. In doing this, the CU operated within the confines of the 2015 Annual Work Programme and Budget (AWP& B), which was approved at the beginning of each year by the Oversight Committee (OC). Prior to the recruitment of the key consultants into AFT from June-September 2015, and in an effort to enhance effectiveness and delivery of the fund, the responsibility for portfolio management had been delegated to the field offices of AfDB.

### 4.2 Restructuring of the AFT Coordinating Team

The OSAN working for the Bank identified the need to restructure the AFT coordinating team for improved grant performance to meet the expectations of the fund donors. Consequently, a new Project Coordinator was appointed for AFT with effect from June 2015. Also, the Bank did not fail to provide the needed backing to the recruit relevant consultants and other supporting staff for the AFT CU.

### 4.3 Recruitment of Consultants

Consultants were recruited to the hitherto vacant positions of Operations Expert, Procurement Specialist, Communications Expert, and Monitoring and Evaluation and Data Analyst. The Operations Expert started work with the AFT CU since June 2015 while the other three commenced in 1 September 2015.

### 4.4 Bank's contribution to personnel cost

4.4.1 The Bank's contribution to the fund in terms of personnel costs is estimated at over USD\$285,000. This include expenses on salaries, benefits and other costs.

4.4.2 Several of the Bank's departments are involved in the Fund's activities. These include the Legal Department, Fiduciary Department, Risk Mobilization and External Finance Department, Private Sector Department, and Financial Control Department. Also, the Sector and Operations experts in Field Offices assisted with Portfolio Management.

## 5. Lessons learned

The following is an outline of the major lessons learned.

- The result of a recent procurement capacity assessment conducted by the AFT Procurement team on the existing AFT Grantee revealed that over 80% of them do not have acceptable procurement capacity. This has underscored the need for the Bank to provide initial technical backstopping through training and capacity building activities.
- Constant field presence, sensitization and M&E drive will form important strategy in general project management and implementation. Moving forward M&E will play an even bigger role through baseline survey/field appraisals for our Grant recipients in the 10 implementation countries. These baseline field appraisals will serve as opportunities for early problem identification and devising contextualized solutions for each Grant Recipient.
- Use of different communication media options would help to bring the knowledge of the AFT activities to as many of the target audience as possible. Consequently, diversified other media like use of Country Offices, electronic and print media (radio and television, newspapers, etc.) and flyers are being considered for use moving forward.
- The need to also arrange a process of receiving the target audience's feedback on the questionnaires was also brought to fore. It was agreed that the AFT CU should arrange for this. To achieve this, proposals were made for series of workshops that would provide a forum for direct interaction with existing and some potential grantees as well as key stakeholders and partners, including workshop for review of the "Application form" and other instruments.
- Expansion of the pool of pre-qualified and pre-registered consultants available for use by the AFT grant Recipients, to include both local service providers and individual consultants of diversified skills/expertise and different value chains, to facilitate procurement process by reducing the timelines spent by recipients sourcing for consultants.
- Grantees have little or no understanding of ADB Rules and Procedures and generally find the Bank's procurement methods and procedures difficult to understand.
- The Grant Recipient companies do not know how to write an evaluation reports – most of them tend to combine technical and financial evaluation reports. There is no clear technical evaluation process and focus is on the lowest price.
- Some invoices submitted by Service Providers through the grant recipients appear with VAT, which is not acceptable by the Bank. This and any other incomplete submission of documents often cause delays in processing disbursements.
- After submitting the invoices the consultant companies are expecting to be paid immediately, while the Bank payment process takes some time.



## 6. Challenges

The implementation of the project during the year under review met with some challenges. Among these challenges are:

- Delay in the recruitment of the other project long-term consultants (including Operations Expert, Communications Expert, Procurement Specialist, and Monitoring & Evaluation and Data Analysis Specialist);
- Use of Bank Procurement and Disbursement processes, which tend to be cumbersome and does not seem to uphold the fast-track nature of the AFT fund.
- Inadequate procurement capacity of majority of the existing grant recipients, which had led to unprecedented delay in project execution.
- Inadequate field presence and project monitoring and supervision capacity.

## 7. Highlight of Future Actions

The following are some of the activities scheduled for year 2016.

- First Call for Concept Notes (CN) and Call for Full Proposals
- Workshop for review of application form and other documents
- Website Improvement
- Pre-call Communication Plan
- Developing the M&E Framework
- Developing the Communication Strategy
- Lessons learned Workshop
- Updating the Website
- Second Call for CNs and Call for Full Proposals
- Organizing the Lessons learned Workshop
- Developing Knowledge Management Tools.



## 8. Conclusion

The AFT grant disbursement performance increased from 0% in December 2014 to 7.5% in June 2015 and 25% by end of December 2015. All through the year, the activities of the Fund were restricted to supporting the existing twelve grantees carried over from 2014. Fresh Calls for Proposals were not made. The reasons for the project's inability to launch new calls was the low implementation and low performance arising from: a) the use of the Bank's generally slow procurement and disbursement processes, which tended to also be cumbersome; and b) the inadequate procurement capacity of the existing grantees. Consequently, the donors placed the Fund on hold. In response, collective efforts were made by the donors and the AFT-CU at streamlining the entire procurement and disbursement processes, and expanding available options that would meet the needs of AFT's predominantly private sector targets. The efforts came in form of series of meetings (video/audio conference and in-person) from July-December 2015, full articulation of the important elements to be considered during the eventual review of the AFT Operational Guidelines (OG), and development of several Toolkits to aid the fast-tracking of the AFT implementation processes. Furthermore, project Action Plan for 2016 was articulated and on the strength of the new vision and understanding the 2016 Annual Work Plan and Budget (AWPB) was developed. In the same light, the AFT website was being updated while communication toolkits (including AFT Newsletter, posters, flyers, roll-up banner, etc) were developed to reflect the new thinking. The process of expansion of the pool of pre-qualified and pre-registered consultants available for use by the AFT grant Recipients, to include local service providers and individual consultants of diversified skills/expertise and different value chains had also commenced.

The most recent efforts were geared towards facilitating the procurement and disbursement processes and procedures to ensure timelines of implementations and the achievement of efficiency and effectiveness in project delivery. Moving forward in 2016, decision was reached with the donors to go for trial Calls for Concept Notes and Calls for Proposals starting from the first quarter of the year. In order to ensure transparency, the selection and consideration criteria would be included in the official Calls for Concept Notes (CN) and Calls for Full Proposals. Approvals would continue to be largely dependent on the quality of grant applications received through the Calls for Proposals preceded by Calls for Concept Notes. Among other things, processing steps would include evaluation of the applications received, preparation of Grantee procurement plans, grant award and notification, preparation of grant agreements, signature and launching activities.



AGRICULTURE  
FAST TRACK



*Appendix I: AFT Grants and Disbursement Status as at 31 December 2015*

Grant	Sponsored programme	Programme description	Country location	Amount approved (US\$)	Disbursement rate	Contract amount	Available amount	Status/Remark
ML-0036	G-BF-A00-ZZZ-001	ASSOCIATION WENDPANGA	Burkina Faso	177,200.00	21%	36,516.48	176,825.19	<ul style="list-style-type: none"> <li>Technical and environmental studies final report expected 16/11/15. First invoice of FCFA 7,527,000 paid. RFP for Marketing &amp; communication study sent out in Oct. 2015. Detailed Business is expected to start - First week in Feb. 2016.</li> </ul>
ML-0036	G-CI-A00-STY-001	CATTLE & POULTRY FEED PROC. (SIPRRA)	Cote d'Ivoire	710,000.00	0.00	-	710,000.00	<ul style="list-style-type: none"> <li>Review of financial &amp; Technical Proposals: Feasibility study is in progress, Technical design study should start by end of August 2015. The grant recipient's slow response has impacted the speed of project implementation due to grantee's limited understanding of Bank rules and procedures.</li> </ul>
ML-0036	G-CI-A00-STY-002	RICE FARMING & MILLING LDC- .(Louis Dreyfus Commodities)	Cote d'Ivoire	725,000.00	0.00	-	725,000.00	<ul style="list-style-type: none"> <li>LDC has sent to the Bank a request for reimbursement of costs of its studies carried out prior to the signing of the letter of agreement for a total amount of FCFA 195,270,109. Review of the payment request revealed a legal problem given that the mode of payment "reimbursement" has not been provided for in the letter of agreement signed (section 4). Recommendation is for Bank to terminate contract. The legal Dept. is yet to come up with their recommendation.</li> </ul>
ML-0036	G-CI-A00-ZZZ-001	FENACOVICI-SUPP 2 FOOD PROD	Cote d'Ivoire	551,990.00	85%	468,423.82	191,349.64	<ul style="list-style-type: none"> <li>Draft Final Report. FENACOVECI submitted the Draft Final report to the Bank and have had its stakeholder review meeting/validation workshop in July 2015, and disbursement finalized. AFT is helping sponsor with letter of recommendation to IFIs.</li> </ul>
ML-0036	G-ET-A00-STY-001	AFRICAN BAMBOO COMPANY	Ethiopia	748,988.00	0.00	-	748,988.00	<ul style="list-style-type: none"> <li>Contract for Business Plan signed in August 2015, and work is in progress.. Component 2: No objection to initiate the rebidding with the short listed consultants granted, and grantee to submit new list. Component 3: Assignment started in August, and is almost completed. Invoice for reimbursement of US\$188,000 submitted. AFT assisting Grantee to submit the correct documentation. Comp4- Grantee finding it difficult to get six short listed consultants and is still searching. They have 4 short listed consultants who have given their consent to participate in the bid process</li> </ul>
ML-0036	G-GH-A00-ZZZ-001	PRACTICAL CARE AGRIBUSINES S	Ghana	115,000.00	0.00	-	115,000.00	<ul style="list-style-type: none"> <li>The 3 components: Business &amp; Financial Plan, Environmental Impact Assessment, and Marketing research/plans are merged as one Feasibility study to be undertaken by one consultant. No Objection for Grantee to sign service contract was granted on Nov 11, 2015..</li> </ul>
ML-0036	G-MZ-A00-ZZZ-001	ODEBRECHT-PROJ. AVICOLA MOZ.	Mozambique	555,500.00	18%	98,430.00	555,500.00	<ul style="list-style-type: none"> <li>Deliverables: Two of the selected consultancy firms have finalized their Inception Reports. One have submitted invoice for the payment. Odebrecht, and Group Campo have signed an addendum to the contract to change from advance payment to pay for the inception report, since Bank have already agreed that no advance payment should be done. The Outstanding invoice is US\$98,000 has been paid.</li> </ul>
ML-0036	G-MZ-A00-ZZZ-002	ECOFARM MOZAMBIQUE	Mozambique	797,500.00	62%	494,450.00	674,700.00	<ul style="list-style-type: none"> <li>Eco farm has six activities currently on-going: Irrigation Design substantially complete (US\$74,400 paid); Sugar Mill design - Layout complete, and detailed design underway (\$110,500 paid). ESIA completed. Business Plan Substantially completed, and consultant to make a number of changes and elaborate on some chapters (US\$ 160,000 paid). Electrical design - Underway but behind schedule (US\$74,400 paid), and Legal advice Received, and it being reviewed by Grantee.</li> </ul>
ML-0036	G-TZ-A00-STY-001	DARSH INDUSTRIES – STUDIES	Tanzania	-	0.00	-	-	<ul style="list-style-type: none"> <li>Contract Cancellation. Grant Cancelled. FRMB Confirmed that Grant was cancelled on 2/16/2015. Cancellation is following the client's decision not to proceed with the use of AFT grant. The client sent written notification to the Bank</li> </ul>

## Appendix II: The 2015 Annual Work Plan and Budget Completion Status

Budget activity	Bank Contribution (US\$)	AFT Contribution (US\$)	Total Budget (US\$)	Amount expended as at 31/12/2015 (US\$)	Variance (US\$)	Variance (%)
Project Activities for 10 Grantees		5,026,678	5,026,678	1,238,217	3,788,461	25%
Fund Governance		1,000	1,000	964	36	96%
Missions (Operational Outreach, Donor Coordination)		68,401	68,401	51,640	16,761	75%
Short-Term Consultants		24,000	24,000	-	24,000	0%
Long-Term-Term Consultants		942,000	942,000	347,898	594,102	37%
Operations Assistance		54,000	54,000	2,756	51,244	5%
Bank Staff -Contribution	225,000		225,000		225,000	0%
AFT Communications		6,000	6,000	4,044	1,956	67%
Shareholders" Workshop in Feb. & Sept. 2016		-	-	-	-	0%
AFT-Fund Audit		15,000	15,000	3,942	11,058	26%
Portfolio Management			-		-	0%
Management Fee		692,349	692,349	217,092	475,257	31%
Contingency		-	-		-	0%
AWPB Budget 2014-15	\$225,000.00	\$ 6,829,428.09	\$ 7,054,428.09	\$1,866,553.76	\$5,187,874.33	26%
With Bank Contribution & with Management Fee						<u>30%</u>