AFRICAN DEVELOPMENT BANK

AFRICA FERTILIZER FINANCING MECHANISM (AFFM)  
OPERATIONAL PROCEDURES MANUAL

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AHVP/PGCL

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<td>AfDB : African Development Bank</td>
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<td>AGRA : Alliance for a Green Revolution in Africa</td>
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<td>AHAI : Agriculture and Agro-industry</td>
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<td>AHVP : Agriculture Human Development Vice Presidency</td>
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<td>AU : African Union</td>
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<td>AUC : African Union Commission</td>
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<td>AFFM : African Financing Fertilizer Mechanism</td>
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<td>CAADP : Comprehensive Africa Agriculture Development Program</td>
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<td>CBOs : Community Based Organizations</td>
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<td>DREA : Department of Rural Economy and Agriculture</td>
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<td>FAO : United Nation Food and Agriculture Organization</td>
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<td>IFA : International Fertilizer Association</td>
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<td>IFAC : International Federation of Accountants</td>
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<td>IFAD : International Fund for Agricultural Development</td>
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<td>IFDC : International Fertilizer Development Center</td>
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<td>INTOSAI : International Organization of Supreme Audit Institutions</td>
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<td>IRM : Independent Review Mechanism</td>
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<td>MDGs : Millennium Development Goals</td>
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<td>M&amp;E : Monitoring and Evaluation</td>
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<td>NGOs : Non-Government Organizations</td>
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<td>NEPAD : New Partnership for the African Development</td>
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<td>OCP : Office Chérifien du Phosphore</td>
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<td>PAR : Project Appraisal Report</td>
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<td>PCR : Project Completion Report</td>
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<td>PRSPs : Poverty Reduction Strategy Papers</td>
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<td>RBM : Results-Based Management</td>
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<td>RECs : Regional Economic Communities</td>
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<td>RMCS : Regional Member Countries</td>
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<td>SDGs : Sustainable Development Goals</td>
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<td>UNECA : United Nation Economic Commission for Africa</td>
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PREAMBLE

The Instrument establishing the African Fertilizer Mechanism (AFFM) provides that ‘except as otherwise provided herein, or in operational procedures adopted by the Board of Directors of the Bank for purposes of the Fertilizer Fund, the Bank, in its administration of the Fund Mechanism, shall apply the same principles and criteria that are applicable to financing provided from its own ordinary resources, particularly those contained in Article 17 of the Agreement establishing the Bank’.

Accordingly, the rules and policies applicable to the operations of the African Development Bank (the 'Bank' or 'AfDB') will generally be applicable to the operations of the AFFM, except as otherwise provided in the Operational Procedures Manual of the AFFM. These rules and policies include, but are not limited to the following:

i) The Procurement Framework for Bank Group Funded Operations, October 2015;
ii) The Integrity and Anti-Corruption Framework of the African Development Bank Group;
iii) Bank Group Policy on Disclosure and Access to Information;
iv) Independent Review Mechanism;
leftright Bank Group’s Integrated Safeguards System (ISS);
vi) The Gender Policy.

The AFFM will also generally adhere to best practices to which the Bank has endorsed, such as, 'The Paris Declaration on Aid Effectiveness'.
PART A: BACKGROUND AND PURPOSE

1. INTRODUCTION

1.1. Background

1.1.1 At the AU/NEPAD Summit on Fertilizers for an African Green Revolution, held in Abuja, Nigeria, in June 2006, African Union (AU) Heads of State and Government through the Abuja Declaration called on the African Development Bank (the Bank) to establish the Africa Fertilizer Financing Mechanism (AFFM) to assist Bank Regional Member Countries (RMCs) to increase agricultural productivity in the context of the Africa Food Security Vision and the Millennium Development Goals (MDGs). The Abuja Declaration further invited the Bank, with the support of the United Nations Economic Commission for Africa (UNECA) and the African Union Commission (AUC) to establish the AFFM and host it. The Bank accepted the request to establish the AFFM and administer its resources. With the support of the AUC and the UNECA, the AFFM Secretariat was established at the Bank in March 2007, and is hosted by the Bank’s Agriculture and Agro-industry Department (AHAI).

1.1.2 The AFFM was designed to support the implementation of the AU/NEPAD’s 2003 Comprehensive Africa Agriculture Development Program (CAADP), particularly Pillars II and III, corresponding to improving rural infrastructure and market access; and increasing food supply, reducing hunger and improving risk management and crisis response, and any other AU and regional program or agenda to strengthen African agricultural growth and transformation such as the AU’s June 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. Among other things, The Malabo Declaration is designed to assist in building and strengthening sustainable fertilizer value chains to improve smallholder access to fertilizers. Furthermore, the AFFM will help in the implementation of sub-goal 2.3 of the Sustainable Development Goals (SDGs), which calls for doubling the agricultural productivity and incomes of small-scale food producers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment, by 2030.

1.1.3 The specific objective of the AFFM is to increase fertilizer use in Africa from its current average of about 15 kg per ha to 50 kg per ha by 2032, so as to boost agricultural productivity. To achieve this, it will:

i) Help Africa’s public and private sectors conduct feasibility assessments and secure financing for promising fertilizer production ventures;

ii) Improve the “economies-of-scale” of fertilizer production, procurement, and distribution, for example by creating “platforms” to help the private sector be more cost-effective in delivering key agricultural inputs even to the smallest, most remote farm-gates;

iii) Improve the “economies of complementarity” by using the regional approach in fertilizer production. Countries in the same region being endowed by different types of primary minerals to be used for the final product can partner towards regional fertilizer value chain development;

iv) Improve the “economies of vertical integration”, where the supply chain including production, procurement and distribution is owned by a strong private sector operating in the framework of the AFFM, having the interest of the smallholders and their increased productivity as an underlying factor;
v) Boost fertilizer demand at the wholesale and retail levels by disseminating information about fertilizer impact on returns on investment, and extending credit guarantees to farmers and suppliers through appropriate institutions; and

vi) Exploit other potential “targets of opportunity” in the value-added chain, i.e., by helping to better align transnational customs policies, which currently make cross-border transactions inefficient and costly.

1.2. Guiding principles

1.2.1 Following the endorsement on 4th December 2007 of the AFFM Framework by the Bank’s Board of Directors, the Instrument for the Establishment of the AFFM (the "Instrument") was adopted by the Board of Governors on 14th March 2008 by virtue of Resolution B/BG/2008/01. This Instrument establishes the AFFM as a special fund administered by the Bank, and provides the framework for the administration, structure and governance of the AFFM. The AFFM’s Governing Council is chaired by the Commissioner, Department of Rural Economy and Agriculture (DREA), at the AUC, and the Bank has recruited the Mechanism’s Coordinator to lead other AFFM staff in carrying out its operations and administration. The preparation of the Operational Manual on the Rules of Procedures of the AFFM was guided by the general principles defined in the AFFM Instrument, as well as a request by the AFFM Governing Council.

1.2.2 Chapter V (Operations) Section 5.2 of the Instrument states that "Financing or other form of assistance provided from the resources of the Fertilizer Mechanism shall be subject to the approval of the Board of Directors of the Bank. Such approval shall be in accordance with the applicable procedures of the Board of Directors set forth in the Agreement establishing the Bank, and may be granted individually or as part of a group of projects. The Board of Directors of the Bank, in consultation with the Governing Council, shall adopt operational procedures, for operations financed with the resources of the Fertilizer Mechanism, which shall in particular be designed to facilitate the process for the consideration, approval and implementation of operations financed with the resources of the Fertilizer Mechanism. In this connection, the Board of Directors may delegate to Management of the Bank, the approval of activities below a specified amount”.

1.2.3 The Instrument further stipulates in Section 5.3 that the Bank, in its administration of the AFFM, shall apply the same principles and criteria that are applicable to financing provided from its own ordinary resources, except as otherwise provided in the Instrument or in the Operational Manual on Procedures adopted by the Board of Directors of the Bank for purposes of the AFFM.

1.2.4 Accordingly, the rules and policies applicable to the operations of the Bank will generally be applicable to the operations of the AFFM, except as otherwise provided for in these Operational Procedures. The following Bank rules and policies will guide the administration of the AFFM Secretariat, as well as the procedures and modalities by which projects will be processed and implemented. They include, but are not limited to the following:


iii) Bank Group Policy on Disclosure and Access to Information.


v) Bank Group’s Integrated Safeguards System (ISS).

vi) The Gender Policy.

1.2.5 This Operational Procedures Manual takes into consideration the experience and knowledge acquired from managing similar special funds in the Bank.
1.3. Progress in AFFM Operationalization and the Way Forward

1.3.1 Section 6.1 (b) of the Instrument for the Establishment of the AFFM states “This Instrument shall become effective and the Fertilizer Mechanism operational on the date when the Bank shall have received Instruments of Commitment from African Governments and other donors pledging contributions in an aggregate amount equivalent to at least Ten million United States Dollars (US$ 10,000,000).” The AFFM Instrument became effective in May 2015, when the required financial threshold was met. The status of AFFM resource mobilization is outlined below.

i) In January 2009, the Bank made a contribution to the AFFM of UA 5 million (about EUR 5,773,900);

ii) In June 2010 and February 2015, Nigeria remitted funds into the AFFM’s account totaling approximately EUR 5,276,624 out of its initial pledge of USD 10 million;

iii) In February 2015, AGRA remitted EUR 888,652 into the AFFM’s account;

iv) In April 2015, Chad committed USD 1 million by signing the AFFM Instruments of Commitment; and

v) In April 2015, Tanzania committed USD 2 million by signing the AFFM Instruments of Commitment and has since remitted about EUR 185,558 into the AFFM account.

1.3.2 No projects have been financed by the AFFM so far. Now that the Mechanism’s Instrument is effective, the AFFM’s top priority is to promptly commence a selection of field activities under its medium-term work plan for the period 2018-2020 in a few countries to demonstrate quick results, while simultaneously mobilizing additional resources to implement the work plan. Given that the Mechanism was not operational for 8 years, quick results could encourage potential donors and other African countries to contribute financially to it.

1.4. Purpose of the Operational Procedures Manual

1.4.1 The purpose of this Operational Procedures Manual is to provide rules and procedures that will guide the operations of the Mechanism. The Manual provides comprehensive guidelines to facilitate AFFM project identification, preparation, appraisal, approval, implementation and monitoring and evaluation, which are anchored on the underlying premise that the Bank is chosen to administer these resources on the basis of the integrity and quality of its review, approval and implementation processes.

1.5. Structure of the Manual

1.5.1 This Manual is divided into four main parts: Part A deals with the general characteristics of the AFFM including the objectives and purpose of this Manual. Part B deals with the structure, financial, administrative and fiduciary control systems for managing the AFFM within the Bank. Part C deals with the types of activities that fall within the purview of the Mechanism, project cycle activities, and operational procedures for processing and approving grants under the Mechanism, as well as implementation and monitoring. Part D deals with reporting and accountability arrangements.
PART B: STRUCTURE AND ADMINISTRATION OF THE MECHANISM

2. STRUCTURE OF THE AFFM

2.1. The Governance Structure

The administrative structure of the AFFM consists of the following:

i) A Governing Council;

ii) The Board of Directors of the African Development Bank;

iii) A Coordinator;

iv) Staff for operations and administration.

The AFFM’s organizational chart and governance structure is appended as Annex I.

2.2. The AFFM Governing Council

2.2.1 The Governing Council comprises representatives of a range of interest groups such as regional and international development institutions, including research and extension organizations, and fertilizer development institutions; they include representatives of the AU/NEPAD, African Ministers of Agriculture, African farmers organizations, Donors, AfDB, IFAD, FAO, AFREXIMBANK, United Nations Economic Commission for Africa (UNECA), the Alliance for a Green Revolution in Africa (AGRA), the private sector, the International Fertilizer Development Center (IFDC) and the International Fertilizer Association (IFA).

2.2.2 Membership of the Governing Council reflects regional and geographical groupings, and due weight to funding efforts of all Donors. The Director of the Bank's Agriculture and Agro-Industry Department (AHAI) is also a member of the Governing Council, as a representative of the Bank. The Coordinator of the AFFM Secretariat is an ex-officio member and Secretary to the Governing Council. The Governing Council shall appoint a Chairperson who shall serve for a term of one (1) year, renewable, with a maximum of three consecutive terms. The Chairperson shall be a national of a regional member country of the Bank. In the interest of continuity, broad African representation and convening power, the initial Chairperson is the Commissioner, Department of Rural Economy and Agriculture, African Union Commission.

2.2.3 In accordance with the Instrument establishing the AFFM, the Governing Council shall be responsible for determining the general policy direction of the AFFM. In this regard, the Governing Council shall approve the strategic direction of the Fund and the proposed areas of intervention, and review the annual report of activities financed from the fund. The Terms of Reference of the Governing Council, which include its membership, responsibilities and Rules of Procedure, are appended as Annex II.

2.3. The AfDB Board of Directors

2.3.1 Consistent with the Bank’s fiduciary obligations as trustee of the AFFM, the Board of Directors of the Bank is primarily responsible for the general operations of the AFFM, in accordance with the Bank’s rules, regulations and procedures. In this regard, the Board will serve as the decision-making organ for operational matters without limitation, including:

i) Approval of the annual work plan and budget of the Mechanism, based on the policy direction provided by the Governing Council;
ii) Approval of the Operational Procedures of the AFFM, following endorsement by the Governing Council;

iii) Approval of financing and other assistance to be provided from the resources of the AFFM. This power may be delegated to the Bank's Management, below a certain threshold;

iv) Approval of the Annual Report of the AFFM; and

v) Interpretation of the provisions of the AFFM Instrument, and in consultation with the Governing Council, agreeing to amendments or additions to the Instrument.

2.4. The AFFM Secretariat

2.4.1 The AFFM Secretariat (hereinafter, the “Secretariat”) is housed at AfDB’s Department of Agriculture and Agro-Industry (AHAI) and is overseen on a day-to-day basis by the Director, AHAI, situated within the Agriculture and Human Development Vice Presidency (AHVP). The Secretariat will manage operations of the AFFM (including project processing, implementation monitoring and reporting). The Secretariat will be managed by a Coordinator who will be assisted by professional and administrative staff.

The initial staffing requirements of the Secretariat are as follows:

i) Coordinator

ii) Fertilizer Industry Specialist

iii) Principal Investment Officer

iv) Administrative and Finance Specialist

v) Team Assistant

Additional staff will be recruited as and when the need arises.

2.4.2 The Coordinator: Through a competitive recruitment process, the Bank, in consultation with the Governing Council shall appoint a person to serve as Coordinator of the AFFM. The Coordinator will work under the strategic direction of the Governing Council as regards the overall policy direction, objectives and program priorities of the AFFM, and will regularly liaise with the AUC/NEPAD. Administratively, the Coordinator will be the administrative head of AFFM and will report to the Director of AHAI; i) in respect of the administrative and programmatic operations of the AFFM in accordance with the Strategies, Work plans, Budgets, and Operational Procedures agreed by the Governing Council; and ii) for managing the use of resources in accordance with Bank rules and procedures.

2.4.3 The Staff of the AFFM: In accordance with the provisions of the Instrument, activities of the AFFM will be carried out by staff recruited specifically for the AFFM. In addition, AfDB staff may be assigned to the AFFM for a defined period, when necessary, at the discretion of the Bank. The Bank will be guided in this regard by the needs of the AFFM, both projected and actual. The staff assigned to the AFFM by the Bank will function within the framework applicable to Bank staff, including the grades. The Bank will extend to the AFFM staff the privileges provided to its own staff. The Delegation of Authority applicable in the Bank will also be applicable for the AFFM. The human resource requirements of AFFM shall be financed from the resources of the AFFM. Recruitment of such staff will be carried out using the applicable Bank rules and procedures. They may be supplemented using technical assistance, secondments, consultancies and short-term staff. The decision to use the resources of the AFFM to recruit staff will be based on the cost of implementation of the approved operational program.
3. ADMINISTRATIVE ARRANGEMENTS

3.1. Administration

3.1.1 As trustee of the Fund, the AfDB will, pursuant to the Instrument, administer and manage the resources of the AFFM using its organization, services, facilities, officers, staff, and other experts and consultants, in accordance with its rules, regulations, procedures and policy guidelines. The Coordinator of the AFFM will be responsible for conducting the operations of the AFFM in accordance with the provisions set out in the Instrument, the AFFM Framework Document, the directives of the AfDB Board of directors and President, and these Operational Procedures. However, the resources and accounts of the AFFM will be kept separate and apart from the ordinary resources of the Bank and all other assets and accounts administered by the Bank. The Instrument establishing the AFFM shall be effective for the period 2015 to 2032, which period may be extended or shortened in accordance with Section 6.7 (a) and (b) of the AFFM Instrument.

3.1.2 Bank Group experts in all of the Bank’s complexes (operations, finance, legal, and administration) will assist and facilitate the work of the AFFM, its Coordinator and staff to undertake their activities and provide them with appropriate support. The Bank’s staff will assist the AFFM in the processing of legal, procurement and disbursement dossiers considering the special circumstances of the AFFM’s activities’ implementation to be facilitated without compromising quality and fiduciary requirements. The AFFM will also make good use of AfDB country offices and ensure synergies with operations staff in countries where the Bank has on-going or planned activities in the fertilizer sector. The cost of missions undertaken by Bank staff for specific activities of the AFFM will be financed from the resources of the AFFM within the agreed annual budget. In case the volume of work of the AFFM increases significantly and impacts heavily on Bank staff, Bank Management will make appropriate proposals to the Governing Council and the Board of Directors.

3.1.3 The paragraph 7.7 of the framework for the establishment of the AFFM states that, “the bank will bear the administrative costs of managing AFFM, until it notifies the AFFM Governing Council otherwise. In such circumstances, the Bank will charge an administrative fee at a rate not less than five percent (5%) of the resources of the AFFM. The Bank will keep an account of the direct and indirect costs incurred in its administration of the AFFM.

3.2. Budgeting

3.2.1 Budget Preparation Process: The AFFM Secretariat will prepare annually AFFM budget that includes planned project operations, as well as administrative costs covering recurrent and capital expenses related to the management of the AFFM, including staffing costs. In accordance with AfDB’s budgeting cycle and directives on eligible items for inclusion in an administrative budget, the preparation of the budget will be guided by efficient and effective utilization of human and material resources of the AFFM.

3.2.2 Budget Directives: Annual budgeting for the AFFM’s operations is part of the planning and management of the AFFM. A six-monthly budget analysis will be used as an expenditure control mechanism. The AFFM will have a separate cost centre, managed by the Coordinator, who is responsible for the preparation of its annual budget in accordance with the provisions of the AFFM Instrument. The budget proposals constitute a part of the annual work plan and shall be submitted to the Governing Council for endorsement prior to submission to the AfDB’s Board of Directors for consideration and approval.

3.2.3 Budget Management and Control: The AFFM Coordinator is responsible for managing the AFFM’s budget to ensure that it covers the activities that have been programmed and that expenses remain within the provisions made. The budgetary control mechanism is integral to the internal controls
of the Bank, which are structured in such a way that expenses on a particular cost centre are approved and incurred only to the extent of the relevant budgetary appropriation.

3.3. Accounting and Financial Controls

3.3.1 In accordance with the Bank’s procedures and section 2.1 of the AFFM Instrument, a separate account for the resources of the AFFM will be maintained.

3.3.2 The Secretariat will prepare and present to the Governing Council and the AfDB Board of Directors, an Annual Report on the activities of the AFFM in accordance with Section 2.7 of the AFFM Instrument. An annual audited financial statement shall be prepared by and submitted by the AFFM Secretariat to the AfDB Board of Directors for consideration and approval. The financial statements and accounts of the AFFM shall be denominated in EUROS.
PART C: OPERATIONS

4. PRINCIPAL ACTIVITIES

4.1. Areas of Intervention

4.1.1 The Governing Council will, in accordance with its mandate as defined in the AFFM Instrument, determine the strategic direction of the AFFM. The AFFM was established with the overall objective of assisting AfDB RMCs increase agricultural productivity within the context of the Africa Food Security Vision and the MDGs. One of the AFFM’s primary functions will be creating an enabling environment for mobilizing the investments needed to achieve the 50 kilogram per hectare target for fertilizer use mandated by the AU/NEPAD Summit on Fertilizers for an African Green Revolution held in Abuja, Nigeria in 2006.

4.1.2 The AFFM will be guided by the Framework Document for the Establishment of the AFFM and the Fund’s impact will be assessed through the results of the interventions supported by the AFFM in line with a Logical Framework Matrix for the AFFM provided in the annual work plan. The Logical Framework will identify outcomes, outputs, associated indicators and milestones for the AFFM. The Logical Framework will be produced alongside the first annual plan, and the Governing Council, in consultation with AFFM Secretariat, shall periodically review the areas of intervention and the Logical Framework as part of multiyear Operational Programs.

4.1.3 The resources of the AFFM will be primarily devoted to supporting and financing activities under the following areas of intervention, as defined in the AFFM Instrument:

   i) Facilitation activities including policy formulation, technical assistance, information dissemination, law reform, and project preparation;
   ii) Improvement of Africa's fertilizer manufacturing capacity;
   iii) Providing credit guarantees for fertilizer importers and distributors;
   iv) Supporting establishment of regional fertilizer procurement and distribution facilities; and
   v) Developing financing mechanisms in support of fertilizer production, distribution, and agriculture generally.

5. PROJECT FINANCING AND COST SHARING

5.1. Financing

5.1.1 The floor of EUR 250,000 and a ceiling of EUR 10,000,000 will be applied for any financing from the AFFM. However, subject to availability of funds, and based on the strategic direction provided by the Governing Council, the AFFM may occasionally submit, for approval to the Board of Directors, requests for financing for amounts higher than the ceiling.

5.2. Cost Sharing

5.2.1 In financing its operational activities within the framework of its investment projects, the AFFM will give preference to activities for which the ownership by the beneficiaries and their participation can be clearly demonstrated and established. The nature and timing of beneficiary contributions will vary, and depending on the specific circumstances, it could be in cash or in kind such as labour and/or materials. The nature of beneficiary contribution shall be negotiated during project appraisal and shall be specified in the financing agreement. The Fertilizer Mechanism will base its decisions on the need
for harmonization and alignment with established practice in the country concerned. Therefore, cost-sharing arrangements shall be in accordance with the practice agreed upon between the country and the stakeholders and partners. In countries where such mechanisms do not exist, the minimum beneficiary contribution shall be of 5% of the project costs.

5.3. **Financing Instruments and Terms**

5.3.1 Financing from the AFFM resources will be provided to eligible recipients for eligible projects, in accordance with Section 6 below, to facilitate reforms, program preparation, improve knowledge and leverage much needed investments in order to advance fertilizer manufacturing, distribution and use in Africa. Financing from the AFFM shall be provided in the form of non-reimbursable grants, except as otherwise decided by the Board of Directors, after consultation with the Governing Council.

5.3.2 AFFM will finance multinational projects/activities if they are focusing on one or more of the areas of interventions determined by the Governing Council, help and support more than one RMC, contribute to the expansion of fertilizer manufacturing and production, improve fertilizer distribution especially to smallholder farmers, enhance the knowledge and use of fertilizers, and take into consideration impacts on the environment and the effects of climate change.

6. **ELIGIBILITY**

6.1. **Recipient Eligibility**

6.1.1 As long as the proposed activities/projects are geared to support fertilizer manufacturing, procurement, distribution and use (in line with AFFM areas of intervention), the following entities are eligible to receive AFFM funding:

   i) Any Regional Member Country of the African Development Bank Group, or any geographical or administrative subdivision or agency thereof;

   ii) Any institution or undertaking in the territory of any Regional Member Country; and

   iii) Any international, regional or sub-regional agency or institution concerned with development in Africa.

6.1.2 Entities referred to under bullet 2 and 3 of section 6.1.1 shall fulfil the criteria relating to credibility and track record in the areas of activities of AFFM, and be subject to the following requirements:

   i) be RMC-based or the activities proposed to be implemented in one or more RMCs;

   ii) provide a letter of recommendation from the government of the RMC in which activities will be implemented, or provide written evidence of partnership with RMC institutions;

   iii) provide current and valid evidence of legal registration under the laws of the RMCs in which they are operating, as well as evidence of a certificate to carry out business in the RMCs in which they intend to carry out the relevant activity, if different from the place of legal registration;

   iv) possess appropriate organizational and management capacity, including a governing board, demonstrate the existence of a sound financial system, including clear accounting and budgeting standards, financial statements, audited accounts, and other indicators that confirm their capacity to assume fiduciary responsibility for AFFM resources; and

   v) Provide evidence of satisfactory past performance and track record in carrying out similar activities.
6.1.3 Contributors to the AFFM, and members of the AFFM Governing Council fulfilling eligibility requirement can also benefit from AFFM funding. In such circumstances, the member of the Governing Council, or the donor will be excluded from all related discussions and voting process.

6.2. Project Eligibility

6.2.1 To be eligible for financing under the AFFM, proposed activities and projects must:
   i) Fall into one or more of the AFFM’s areas of interventions;
   ii) Demonstrate that they support and do not duplicate other activities already underway through other vehicles;
   iii) Demonstrate how the project contributes to Africa’s fertilizer development and food security agendas and development needs, and is consistent with regional and national development priorities, such as those set out in country development plans and programs;
   iv) Demonstrate how the project contributes to increasing fertilizer use towards the AU’s 50kg/ha target;
   v) Fall within the focus defined by the Governing Council and contained in the AFFM annual or multi-year work plan and budget;
   vi) Demonstrate how knowledge and lessons learned about fertilizer value chain promotion and transformation will be shared between organizations and states, and reach end users;
   vii) Specify that data and information generated by the project will be publicly available;
   viii) Present a clear financing plan and a reasonable cost sharing arrangement as required by the AFFM;
   ix) Present detailed cost estimates with a structure that shares cost and risk among co-financing entities;
   x) Illustrate how alternative development interventions or approaches have been considered;
   xi) Show the extent to which effectiveness and sustainability of the proposed project activities has been demonstrated, such as adequate operations and maintenance of investments and continued budgetary support for functions or activities that will extend beyond the duration of the project;
   xii) Demonstrate positive impact (direct or indirect) on livelihood of stakeholders, particularly small scale farmers and women, and show the environmental and social impact assessment including gender analysis, to determine how the project aims to address these challenges; and
   xiii) Have clear performance indicators with good expected outcomes and clear targets.

7. PROGRAMMING AND OPERATIONS PROCESSES

7.1. General Principles

7.1.1 The Bank's policies and guidelines on programming and operations would, in principle, be applied to the AFFM. Nevertheless, these should be simplified as much as possible to allow for faster implementation of the activities funded by the Fertilizer Mechanism. The Operational Programming shall be done annually on the basis of projects and other activities included in the pipeline. The annual program of activities will be submitted for clearance by the Governing Council in order to confirm the financial resources needed to implement the programs.
The Bank will endeavor to facilitate the requirement to ensure a timely process for implementation of AFFM operations, through the different stages of the internal review process. The operations of the AFFM will be undertaken in accordance with the Results-Based Management Approach, where expected results form the basis for project/program identification, preparation, appraisal, disbursement and reporting. This approach will focus on the results and allow appropriate feedback to improve performance by comparing and analyzing actual results against planned results through regular monitoring and evaluation, reporting and making the necessary adjustments to programs. The procedures outlined in the next section provide the general orientation for processing requests for AFFM support. Other activities not in the form of projects will be examined by the AFFM staff approved by the Coordinator and presented to the Director, AHAI for double checking and approval before actual implementation.

7.2. Project Identification

Sources of Projects

7.2.1 The AFFM will build its pipeline of projects mainly from eligible responses to regular competitive call for proposals. The pipeline of projects and programs may also be built from proposals submitted directly by eligible recipients initiated by the AFFM Governing Council, in response to identified gaps and needs not addressed by proposals submitted during calls for proposals, or from identification missions and proposals emanating from normal AfDB Group operations. Such proposals shall be submitted by eligible recipients using the same formats as for the competitive calls, and be assessed in line with the selection and approval process described in these procedures. The proposals may either be included and assessed together with a batch of projects emanating from a call for proposals, or if a directly submitted proposal enters out of synch with the call for proposals timeframes, the proposal may be assessed separately.

Call for Proposals

7.2.2 At regular intervals and based on the availability of resources, the AFFM will issue competitive calls for proposals, for eligible institutions to submit project concepts and proposals in accordance with the strategic direction provided by the Governing Council.

7.2.3 Project concept notes and proposals will be received by the AFFM Secretariat. Under the guidance of the Coordinator, a joint initial review team consisting of the AFFM Secretariat staff, Bank’s staff and short term consultants, depending upon the needs, will carry out an initial screening of the concepts notes to assess completeness of the submission and eligibility of the recipient. Non-compliant proposals will be returned to proponents with comments and could be resubmitted at subsequent calls if relevant amendments or completions are made.

7.2.4 Identification Missions: Projects and programs can also be identified through identification missions by staff of the AFFM, as well as by AfDB Group Task Managers, with the AFFM Coordinator endorsing identification reports. Projects and Programs identified are then included in the project pipeline and the country/ies relevant to the project or the program are informed.

7.3. Project Preparation

7.3.1 Project proposals submitted under the competitive call for Proposals shall be the responsibility of the applicant and shall be in accordance with the format and guidance notes issued by the AFFM (refer to Annex III). Proposal templates may be revised by the AFFM Secretariat in consultation with the Governing Council.
7.3.2 Project proposals identified by the Governing Council, from identification missions or from the AfDB operations shall be the responsibility of the Secretariat, and will be prepared by the Secretariat, with the assistance of consultants when necessary.

7.3.3 Field visits may be organised if deemed necessary in some cases, where data is not sufficient to produce a balanced project preparation report (full proposal) or to validate the information submitted in the request and to provide a chance for discussing all aspects of the preparatory activities, implementation capacity, schedules of implementation and other key requirements necessary for effective utilization of the grant.

7.3.4 Project proposals submitted to the AFFM, either under the call for Proposals or prepared by the Secretariat will reflect the requirements of a standard Bank Project Proposal, namely in respect of:

i) Objectives and anticipated results;

ii) Project components and descriptions;

iii) Project activities;

iv) Project logical framework;

v) Executing Agency/ies;

vi) Project cost and amount of beneficiary contribution (in cash and/or in kind);

vii) Project implementation schedule;

viii) Procurement policies and procedures;

ix) Disbursement procedures and schedule of disbursement;

x) Other sources of Funds in addition to the AFFM financing;

xi) Accounting and internal control procedures;

xii) Organizational arrangements for implementing the project, as well as monitoring and evaluation mechanisms;

xiii) Environmental impacts of the proposed operation and measures to be taken to protect the environment;

xiv) Gender and social issues and any measures needed to address them;

xv) Analysis of the various dimensions of poverty;

xvi) Assessment of the viability and sustainability of the project;

xvii) Project Implementation Plan; and

xviii) Arrangements for reporting and auditing.

7.3.5 The AFFM will review the preparation report. If the report is found acceptable, the Coordinator will recommend its appraisal and inform the AfDB Vice President, Agriculture and Human Development, through the Director, Agriculture and Agro-Industry Department. In some cases, a memorandum for the utilization of the AFFM financing of preparatory activities relating to the project, study or program would be prepared for consideration and approval.

7.4. Project Appraisal and Review

Desk Appraisal

7.4.1 All AFFM projects/programs and other activities will be subject to desk appraisal by AFFM secretariat after preparation, to assess their relevance, feasibility, and potential effectiveness. Those that
pass these desk assessments will be subjected to extended review and approval, except complex investment projects which require additional field verification.

7.4.2 Extended review and shortlisting of the proposals will be carried out under the guidance of the Coordinator, by an expanded joint review team, including representatives of the AFFM Secretariat and staff of AHAI. They may be assisted by consultants if additional external expertise is required.

7.4.3 The joint team will review each proposal for compliance with the eligibility criteria defined in these Operational Procedures Manual. The proposals shall be further assessed in accordance with the scoring guide (refer to Annex IV). In preparing the shortlist, consideration should be taken to promote a balanced use of resources between countries and regions. Issues of concern arising from the review should be noted and submitted along with the short list.

7.4.4 The AFFM Secretariat shall submit the tentative prioritized shortlisted proposals to the Director AHAI for clearance. This includes how the proposal and project portfolio as a whole contribute to achieving the AFFM outputs and associated indicators. The approved prioritized shortlisted proposals will be submitted to the AFFM Governing Council for information.

7.4.5 Proposals that are cleared by the Director AHAI will be sent to the AFFM Secretariat for due diligence, appraisal and approval in accordance with Bank policies and procedures. Unsuccessful proposals will be returned to proponents for further refinement and could be resubmitted at subsequent calls.

**Field Appraisal**

7.4.6 Complex investment projects, in addition to the desk appraisal, require field appraisal to confirm and refine the information and implementation arrangements contained in the preparation report. All major project issues are finalized during this stage, which comprises three steps:

i) Conduct the field appraisal;

ii) Prepare the appraisal report and the project/program working documents; and

iii) Prepare for grant negotiations.

Steps and team composition for conducting the field appraisal will follow standard steps in the Bank Group’s Operational Manual.

7.4.7 **Appraisal Reports**: Appraisals will be documented in accordance with the AfDB formats (see Annex V) and the reports shall inform decision making by the approving authority. Appraisal reports will include but not be limited to the following elements and should not exceed 10 pages in length:

i) Objectives and anticipated results and impact, including indicators and benchmarks to assess impacts. This includes the extent that the proposed project would contribute to the outputs and associated performance indicators of the AFFM;

ii) Description of the project’s components;

iii) The cost of the project’s components;

iv) Economic and financial feasibility (where relevant);

v) Implementation schedule of the project and its individual components;

vi) The procurement methods and the schedule of procurement actions;

vii) Schedule of disbursement actions, including source of funds additional to the AFFM grant;

viii) Assessment of the fiduciary control environment and funds flow arrangements;
ix) Provision for accounting for project finances, including reporting and auditing;

x) Contributions of the recipient, beneficiaries and other potential co-financiers;

xi) Environmental and Social Impacts;

xii) Gender Sensitivity;

xiii) Risk management; and

xiv) Reference/performance of the implementation agencies.

7.4.8 **Internal working Group review**: The Project Appraisal Report (PAR) will be subjected to an internal review by the staff of the AFFM Secretariat and the Agriculture and Agro-Industry Department that will allow the Coordinator to validate the PAR before submitting it for review outside the Secretariat.

7.4.9 **Extended review**: The PAR will be subjected to an enhanced/extended peer review by Bank experts with relevant skills mix to ensure the quality and accuracy of the technical content of the report. Reviewers will include experts from the Delivery, Performance Management and Results; Operations Committee Secretariat and Quality Assurance, Procurement and Fiduciary and Financial Management, Inspection and Procurement Policy; Financial Control, General Counsel and Legal services; Resources Mobilization, and Partnerships; the relevant Sector and Regional Departments.

7.4.10 **Review Process**: To ensure transparency and enhance project quality at entry, all AFFM project proposals are subject to internal reviews prior to submission for approval (refer to Annex VI). Approval procedures include the following:

i) Receipt of request from applicants using the AFFM request format;

ii) Desk review of applications and provision of feedback to the applicant;

iii) Extended review and approval process according to AFFM procedures;

iv) Issuance of approval notice by the Coordinator;

v) Signature of Letter of Agreement; and

vi) Declaration of effectiveness of the financing agreement.

7.4.11 **Pipeline of Projects**: The Fertilizer Mechanism will build a pipeline of projects and programs after careful selection in line with the AFFM’s focus defined by the Governing Council through annual or medium-term work plans. The Coordinator will maintain the pipeline of projects indicating the status of each. This should include: i) date of submission; ii) name of the applicant; iii) country; iv) title of the proposal; v) amount of requested grant; vi) planned dates of completion of project concept, appraisal, approval; and, vii) expected outputs upon project completion. The Coordinator shall also ensure that consideration of each project is in accordance with the eligibility criteria defined in this Operational Procedures Manual. The Coordinator shall take the necessary measures to avoid marked imbalances in approval of resources as far as countries and regions are concerned.

7.5 **Approval**

7.5.1 To ensure flexible and fast access to funds, the approval processes shall be prompt and responsive to client demands. The Board of Directors has delegated to Bank Management the authority to approve financing and or projects subject to the amounts specified in the table below.

7.5.2 To ensure proper follow up of AFFM activities, grants and projects approvals will be reviewed on a quarterly basis by a committee comprising the AFFM Coordinator, the Director, Agriculture and Agro-industry Department and headed by the Vice President, Agriculture and Human Development. A
review report of the work of the committee will be presented semi-annually to the Governing Council for information.

7.5.3 **Approval Responsibility:** Project grants shall be approved in accordance with the levels set out in the table below. The AfDB Board of Directors may request that any proposal be submitted for its consideration.

<table>
<thead>
<tr>
<th>Grant amount</th>
<th>Approving authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 250, 000 &lt; € 500, 000</td>
<td>Director AHAI</td>
</tr>
<tr>
<td>€ 500, 001 &lt; €1, 000, 000</td>
<td>Vice President (AHVP)</td>
</tr>
<tr>
<td>€1, 000, 001 &lt; €2, 000, 000</td>
<td>AfDB President</td>
</tr>
<tr>
<td>€2, 000, 001 &lt; €10, 000, 000</td>
<td>AfDB Board of Directors on Lapse-of-time basis</td>
</tr>
<tr>
<td>&gt;€10, 000, 001</td>
<td>Board of Directors Meeting</td>
</tr>
</tbody>
</table>

7.5.4 **Processing Time Frames Summary:** The estimated time for the proposal review and approval process is up to 35 weeks (see tables below and Annex VI). This is based on a call for proposal modality, and assumes that proposals received are complete and do not require preparation before appraisal may begin. The timeframes involved depend on the size and complexity of the project, as this determines the appraisal method and approval threshold. At least one month, and a maximum of two months will be given to entities to submit their proposals from the time the call for proposals is released.

<table>
<thead>
<tr>
<th>After Receipt of Proposals</th>
<th>Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening</td>
<td>3</td>
</tr>
<tr>
<td>Shortlisting</td>
<td>3</td>
</tr>
<tr>
<td>Endorsement of shortlist by the Director AHAI</td>
<td>2</td>
</tr>
<tr>
<td>Project appraisal</td>
<td>4-16</td>
</tr>
<tr>
<td>Internal Working Group Review</td>
<td>2</td>
</tr>
<tr>
<td>Extended Review</td>
<td>2</td>
</tr>
<tr>
<td>Approval by relevant authority</td>
<td>2-7</td>
</tr>
</tbody>
</table>

7.5.5. **Non-Approval of Projects:** Should a project not pass the appraisal or approval stages, because i) the project appraisal concluded that the project may not be funded due to specific issues including the relevance, feasibility or potential effectiveness of the project, or ii) the AfDB approval authority is unable to approve the project on specific grounds, the AFFM Secretariat shall communicate the reason for such a conclusion to the Governing Council, to allow for appropriate consideration and action.

7.6. **Grant/ Signing**

7.6.1 The Bank will prepare the standard legal Agreement to be signed by the relevant authority designated by the Bank’s Management and the Recipient. The deadline for signing the Agreement is 90 days from the date of approval, failing which the grant may be cancelled.

7.7. **Grant/ Effectiveness**

7.7.1 The financing agreement must be declared effective before any disbursement can be made. The AFFM Coordinator may declare the agreement effective immediately upon its signature. If there are "conditions precedent to effectiveness", compliance shall be monitored by the Coordinator and effectiveness declared only when these conditions have been satisfied.
7.7.2 The project is eligible for cancellation if not signed 90 days following approval and if no disbursement happens 90 days after signing. Therefore, first disbursement should occur within 180 days after approval or within 90 days after signing.

7.8. Monitoring & Evaluation

7.8.1 There will be a monitoring and evaluation system in all activities to collect relevant information during project execution. The monitoring and evaluation system will be designed to facilitate access to physical and financial information about progress of activities, as well as an evaluation of the economy and efficiency of the procurement process. Projects/Programs monitoring and evaluation will assess the achievement of anticipated results, which will feed into the reporting and feedback process.

7.9. Supervision

7.9.1 AFFM staff will carry out desk and field supervisions for all operations. Time permitting, the Bank's staff in cooperation with AFFM staff will jointly conduct field supervision, where necessary. AfDB Management will determine the modalities for such cross support. The supervision activities will occur at the offices of the Bank’s headquarters and in the recipient's country during the field missions. At the headquarters, the supervision activities include monitoring of the fulfilment of the relevant financing agreement terms and conditions by the recipient, review of project quarterly progress reports prepared by the recipient, procurement and disbursement supervision, implementation of measures taken to address the project's challenges and follow up of dossiers. Field supervision missions are aimed to resolve specific implementation challenges and to obtain information directly at the project site. The Coordinator will authorize such field missions.

7.9.2 The recipient is required to report on a quarterly basis on the physical and financial status of implementation of the activities financed by the AFFM. The Task Managers of AFFM projects will prepare and submit in a timely manner semi-annual progress reports to the Coordinator on the status of implementation of all active projects. The reports must provide a description of each activity and results attained in terms of meeting implementation schedules, status of execution of contracts, physical outputs and attainment of objectives. Urgent project matters should be immediately brought to the attention of the Coordinator with recommendations of alternative actions to address the situation.

7.9.3 In order to expedite field monitoring, supervision and follow up, Ministries responsible for Agriculture in countries with AFFM funded projects will each designate a country focal point who will serve as a liaison officer for AFFM Secretariat.

7.10. Project Completion Report

7.10.1 Recipient's Project Completion Report: Within six (6) months of completion of the project, the recipient will submit a project completion report using the AfDB format covering the implementation of all project activities (refer to Annex VIII and X). The report must clearly state the outcomes in relation to the objectives and performance indicators. The report must also state the difficulties faced during implementations and the lessons learned.

7.10.2 AFFM Completion Report: AFFM staff shall prepare a project/activity completion report covering all financing approved (such as per country, per sector, per category of intervention, etc.). The report will focus on results achieved against planned objectives and average cost per unit achieved. Lessons learned from implementation will be clearly stated for use as a guideline in designing future activities. Abstracts of project completion reports will be presented to the AFFM Governing Council and the Board of Directors for their information.
7.11. **Procurement Arrangements**

7.11.1 *Introduction:* Procurement under AFFM funded projects/programs shall be governed by the procurement policy, procedures and guidelines of the African Development Bank. The procurement methods proposed shall be outlined in the appraisal report and the grant agreement of projects and programs funded by AFFM. The draft grant agreement containing the procurement arrangements, among other details, will be reviewed by the Bank’s Fiduciary Services and Inspection Department (SNFI) for approval. Participation in procurement that may arise from projects, programs and activities emanating from the Fertilizer Mechanism shall be limited to the Bank Group Member Countries. However, as authorized by the Instrument, where an AFFM contributing country is not a member of the Bank Group, it shall be included in the list of eligible countries where goods and services may be procured with the resources of the Fertilizer Mechanism.

7.11.2 *Procurement Methods and Review Modalities:* Procurement methods shall be transparent and allow adequate competition between contractors, suppliers or consultants, and facilitate recipient control in selection. Procurement methods shall be determined considering the AFFM’s objective to provide flexible and rapid response to clients, as well as economy, efficiency and recipient capacity to manage the procurement process. These considerations will also apply in determining appropriate review modalities mechanisms.

7.11.3 *Procurement Plan:* As part of the preparation of the project, and before negotiating the Financing Agreement, the applicant shall prepare and submit to the AFFM for its approval a Procurement Plan setting forth: a) the particular contracts for goods, works and/or services required to implement the project; b) the proposed methods for procurement of such contracts; and c) the relevant review procedures. The recipient shall update the Procurement Plan in line with its regular project reporting, or as needed, throughout the duration of the project. The recipient shall implement the Procurement Plan in accordance with the Bank’s grant approval. The Procurement Plan format is provided in Annex IX.

7.12. **Disbursement Arrangements**

7.12.1 Disbursement arrangements and reporting procedures under the AFFM will be specifically designed to fast track receipt of funds by beneficiaries, while satisfying the fiduciary requirements of the recipients, AFFM and the Government’s. The procedures shall be permissible within the requirements of the Bank's Disbursement Handbook. The disbursement arrangements will be tailored for each project funded under AFFM and will depend on the nature of the activity for which funds are being disbursed. These arrangements will be included in the project appraisal report and the disbursement letter.

7.12.2 Payments for operating costs and related activities will be made into a project special account opened by the recipient using the special account method, in line with the provisions of the AfDB Disbursement Handbook.

7.12.3 Payments for investment programs may be made through special account, reimbursement, direct payment, reimbursement guarantee, and result based financing procedures, depending on the nature of the concerned activity, and as agreed between the AFFM and the recipient. The disbursement method will be included in the project appraisal and the disbursement letter. Any use of other disbursement method not agreed during the appraisal stage needs the prior approval from the AFFM and the Bank.

7.12.4 Supporting documentation for advance payment under the special account will be approved on the basis of a 6-month work program and will depend on the nature of activities eligible for financing through the special account resources. Supporting documentation for replenishment of the special account will be a summary statement of at least of 50% of expenditure of the preceding advance and
100% of older advances, related bank statements, the 6-month work program, and the submission of satisfactory audit reports unless otherwise revised and agreed by the Bank, the AFFM and the recipient. All detailed documents related to utilization of AFFM funds will be kept by the recipient for subsequent verification and confirmation by the external auditors and by the Bank and AFFM during supervision missions. Disbursement will be suspended if the recipient is in contravention of the terms and conditions of the financing agreement or any other AFFM covenants.

7.12.5 Promptly after project closure, but in any event no later than six (6) months after the closing date, the recipient shall return to the Bank any unused disbursement made to the recipient or to a third party at its request.

7.13. **Currencies**

7.13.1 Financing out of the resources of the Fertilizer Mechanism shall be denominated and disbursed in the currency in which the account(s) of the AFFM is denominated. Any reimbursements or related charges, whenever applicable, shall be made in that currency.

7.13.2 Where the recipient is requesting an amount payable in the currency of the goods and services provided, that is different from the disbursement currency of the AFFM account, any gains or losses on currency exchange shall be borne by the recipient.

7.14. **AfDB Involvement in the Operations of the AFFM**

7.14.1 Bank Group experts in all of the Bank’s complexes (operations, finance, procurement, legal, administration), will assist and facilitate the work of staff assigned to the AFFM and its consultants to undertake their activities and provide them with appropriate support. Bank staff will assist the Fertilizer Mechanism in the processing of legal and procurement dossiers/issues considering the special circumstances of the Fertilizer Mechanism's activities to be fast-tracked without compromising quality and fiduciary requirements. The Fertilizer Mechanism will also make good use of AfDB country offices and will synergize with operations staff in countries where the Bank has ongoing or planned activities in the fertilizer sector. The cost of missions undertaken by Bank staff for specific activities of the AFFM will be supported by the Fertilizer Mechanism. When the volume of work of the AFFM increases significantly and impacts heavily on Bank staff, AfDB Management will make appropriate proposals to the Governing Council and the Board of Directors.

8. **FINANCIAL MANAGEMENT ARRANGEMENTS**

8.1. **Ex-Ante Evaluation of the Control Environment**

8.1.1 The onus of ensuring that funds have been utilized in accordance with the financing agreement is partly transferred to the Recipient of the grant funds. As a result, all activities, projects and programs financed under the AFFM will undergo a thorough financial management assessment to ensure that Recipients have adequate capacity to manage grant funds.

8.1.2 During implementation the Recipient shall ensure that the financial management arrangements used to implement the project continue to operate properly. These arrangements are deemed acceptable if they are capable of correctly and completely recording all financial transactions and balances relating to the project resources; they can facilitate the preparation of regular, timely and reliable financial statements; safeguard the project’s assets and are subject to auditing arrangements acceptable to the Bank.
8.2. Ex-Post Evaluation of Supporting Documents

8.2.1 The AFFM will require that expenditure and supporting documents’ review be performed and certified annually by an external independent and qualified auditor acceptable to the Bank, to ensure that funds have been utilized in line with the grant agreement. The audits shall be carried out in accordance with the Terms of Reference for auditing Bank funded Projects, and as per Bank’s Financial Management Policy.

8.2.2 The cost of audit services shall be incorporated into the cost estimates for each approved project and borne by AFFM.

8.2.3 AFFM will be subject to the Bank’s normal internal audit policies, and will be audited annually by external auditors. The Audit report should be submitted to the Bank according to the deadline stated by the Bank.
PART D: REPORTING AND ACCOUNTABILITY

9. REPORTS

9.1. General principles

9.1.1 In general, the AFFM reports will be prepared in accordance with its Results-Based Management (RBM) reporting requirement. The reports will generally provide a brief overview of the results achieved in comparison to expected results, and explain any deviations from plans, and make inferences on the coherence of the activities with the overall strategic directions and anticipated results as outlined for the activity.

9.2. Annual Work Plan

9.2.1 The Annual Work Plan provides the operational program for the AFFM for each year, as well as the associated fund management and support activities, and shall include operational and administrative budgets. The Work Plan shall be prepared under the leadership of the AFFM Coordinator and shall be submitted to the Governing Council for clearance. Comments will be incorporated in a revised version that will be endorsed by the Director of AHAI, then by the Vice President AHVP and subsequently be submitted for approval by the AfDB Board of Directors on lapse of time basis.

9.3. Semi-annual and Annual Progress and Financial Reports

9.3.1 Project Reporting: All project Recipients will submit quarterly and annual progress reports as per formats contained in Annex VII and VIII. Progress reports shall be submitted within forty-five (45) days of the final day of the reporting period.

9.3.2 AFFM Reporting: The AFFM Coordinator shall prepare progress reports on a semi-annual and annual basis on all the operations financed from resources of the AFFM and the status of preparatory activities. It will specifically report on the results of projects in comparison with the outcomes, indicators and benchmarks set out in the Logical Framework. The semi-annual progress report will consist of technical report.

9.3.3 The Fund report shall be based on individual project reports submitted by Recipients and shall include the following:

i) Description of each activity approved since the last progress report and the objectives;
ii) Brief description of progress of ongoing activities, including the financial status;
iii) Progress towards the AFFM outcomes and associated indicators;
iv) Status of project audits;
v) Brief description of proposed activities still under consideration;
vi) An executive summary, including progress against expected results that can be used to increase external awareness of the Fund, its activities and achievements; and
vii) Brief description of lessons learned from both successes and challenges encountered.

9.3.4 The AFFM annual report shall also include a statement of assets and liabilities of the Fund, a statement of cumulative receipts and expenditures, and a statement of the use of resources of the Fund, with such explanatory notes as may be pertinent.
9.3.5 The Coordinator shall submit the AFFM reports for endorsement and approval as follows:

- **Semi-annual reports** shall be submitted to the Director of AHAI for clearance; to the Vice President AHVP for approval and subsequently to the Governing Council for information.

- **Annual reports** shall be submitted to the Governing Council for clearance within sixty (60) days of the end of the year. Comments by the Council shall be provided within fifteen (15) days following the receipt of the reports. After comments have been incorporated as appropriate, the annual report shall be submitted to the Director of AHAI and the Vice President AHVP for their clearance prior to submission to the AfDB Board of Directors for its approval on lapse of time basis.

10. ACCOUNTABILITY

10.1. Audit of the AFFM’s Accounts and Documents

10.1.1 In accordance with Section 2.8 of the Instrument, the Fund shall be subject to the internal and external audit procedures of the Bank, including annual audits conducted by the external auditors of the Bank. Upon the written request of the Governing Council, the Bank shall cause the accounts and the records of any specific activity financed with the resources of the Fund be audited by external auditors. The costs of such special audit shall be charged to the Fund.

10.2. Operations Effectiveness Assessment

10.2.1 At the end of two (2) years from the actual start of the AFFM’s activities, an effectiveness assessment of the AFFM will be conducted by an independent evaluation specialist recruited by the Bank. The objective is to assess the actual progress of the Fund and the effectiveness of operations financed. The effectiveness assessment would draw lessons and provide guidance for future operations.

10.3. Disclosure

10.3.1 The operations of the AFFM shall be subject to the Bank’s Disclosure and Access to Information (DAI) Policy. The Policy is intended to promote proper accountability for the resources entrusted to the Bank to manage. This would be done through the disclosure and dissemination of relevant documents to the general public, including governments, civil society organizations and the private sector, unless there is a compelling reason not to do so. This approach would enhance transparency and accountability and promote public support and active participation, thereby strengthening development effectiveness. The main outlets for disseminating these documents to the public would include the Public Information Centre at the Bank, the Bank’s country offices, its website and the website of the AFFM. The Fund’s website will be linked to those of its key stakeholders.

10.4. Changes to the Operational Procedures

10.4.1 The Operational Procedures described herein may be updated or revised as and when deemed necessary and agreed by the AFFM Governing Council and the AfDB Board of Directors.
Annex I: Organigram of the AFFM and Intersection With AfDB
Annex II: Terms of Reference of the AFFM Governing Council

1. As specified in the AFFM Framework Document, the AFFM shall have a Governing Council that shall be responsible for determining the general policy direction of the AFFM. In this regard, the Governing Council shall approve the strategic direction of the AFFM, the proposed areas of intervention, and review the annual report of activities financed from the resources of the AFFM.

Membership

2. The Governing Council comprises representatives of a range of interest groups such as regional and international development institutions, including research and extension organizations, and fertilizer development institutions; they include representatives of the AU/NEPAD, African Ministers of Agriculture, African farmers organizations, Donors, AfDB, IFAD, FAO, AFREXIMBANK, United Nations Economic Commission for Africa (UNECA), the Alliance for a Green Revolution in Africa (AGRA), the private sector, the International Fertilizer Development Center (IFDC) and the International Fertilizer Association (IFA).

3. Membership of the Governing Council reflects regional and geographical groupings, and due weight to funding efforts of all Donors. The Director of the Bank's Agriculture and Agro-Industry Department (AHAI) is also a member of the Governing Council, as a representative of the Bank. The Coordinator of the AFFM Secretariat is an ex-officio member and Secretary to the Governing Council. The Governing Council shall appoint a Chairperson who shall serve for a term of one (1) year, renewable, with a maximum of three consecutive terms. The Chairperson shall be a national of a regional member country of the Bank. In the interest of continuity, broad African representation and convening power, the initial Chairperson is the Commissioner, Department of Rural Economy and Agriculture, African Union Commission.

4. Special invitations may be extended by the Chair of the AFFM inviting other organizations or individuals to attend Governing Council meetings.

Responsibilities

5. In accordance with the Instrument establishing the AFFM, the Governing Council shall be responsible for determining the general policy direction of the AFFM. In this regard, the Governing Council shall approve the strategic direction of the AFFM and the proposed areas of intervention, and review the annual report of activities financed from the resources of the AFFM.

6. The Governing Council is responsible for oversight of the AFFM, and
a) sets the strategic vision and direction of the AFFM;
b) sets priorities, objectives and milestones for the AFFM;
c) reviews and clears:
   i. annual work plans; and
   ii. the AFFM Annual Report.
d) contributes to advocacy and fundraising for implementing AFFM’s investment program;
e) reviews and clears relevant policies and project approval procedures for the AFFM.

Meetings

7. The AFFM Governing council shall meet at least once a year, but will hold virtual consultations more regularly, if and when the need arises. Meetings may be held back to back with other events
so long as such arrangements do not create distractions and allow the AFFM to focus on fertilizer agenda issues.

8. Prior to each Governing Council meeting, the AFFM Secretariat, with input from the Chairperson, shall prepare and circulate an agenda and background documents at least two weeks in advance.

9. The AFFM Secretariat shall present to the Governing Council an Annual Report on the activities of the AFFM. Following the Governing Council’s endorsement of the annual report, it will be submitted for consideration and approval of the Board of Directors. Following the approval of the Board of Directors, the AFFM Secretariat shall distribute the Annual Report to all of the Donors and participants in the AFFM.

10. Decisions of the Governing Council shall be taken at meetings or by correspondence. Decisions shall be taken by consensus or by the vote of a simple majority of members where a consensus is unattainable. Each member shall have one (1) vote. The Chairperson of the session shall have one (1) additional (casting) vote in the event of an equal division of votes. Decisions by correspondence will be done on a lapse-of-time basis that will vary from a minimum of two (2) weeks depending on the importance of the issues being considered.

11. The Governing Council may delegate selected issues and decisions to the Secretariat, as it sees fit.

12. The Quorum: at least two thirds (2/3) of GC members should be present either face-to-face or virtually for holding the Governing Council meeting.

13. Conflict of Interest: In the event that a member of the Governing Council has any link to or association with a grant applicant, that member shall declare this conflict of interest prior to entering into any discussion with the Governing Council on the project proposal and shall be excluded from the discussions and voting process.

Secretariat

14. The AFFM Secretariat serves as the Secretariat to the Governing Council, and as such:
   a) prepares, with input from the Chair, agendas and invitations for Governing Council meetings;
   b) provides background documentation for meetings;
   c) writes and circulates the minutes of Governing Council meetings;
   d) with inputs from the Governing Council, prepares work plans and budgets and monitors execution;
   e) develops monitoring and evaluation procedures, including developing benchmarks and targets which will be reflected in the results framework of the AFFM; and
   f) prepares and submits the Annual Reports of the Mechanism to the Bank for comments, and subsequently, to the Governing Council for review and clearance; revises the reports based on comments received, and submits the revised reports to the AfDB Board of Directors for consideration and approval.
Annex III: AFFM Proposal Template

Introduction

The present format serves to ensure that adequate information is available for the AFFM to screen and appraise a proposed project and to present it for funding consideration, and to ensure that the applicant has made adequate provisions for implementation in terms of allocation of responsibilities for proposed activities to competent entities/persons.

Part I requires information on applicants – other than central government agencies of Banks’ Regional Member Countries. It will be used to assess the eligibility of the applicant, as well as provide additional details for subsequent use if the project is selected. Applicants should be familiar with the eligibility requirements contained in the Operational Procedures Manual published on the AFFM website. Requirements for NGOs and CBOs are included as an annex to this note.

Part II requires information necessary to appraise the project, for the purpose of determining its eligibility, its priority and readiness for funding. Proposals for funding of studies and technical assistance support should be accompanied by the relevant Terms of Reference.

The Application should be balanced in content and the main text should not exceed 15 pages, i.e., excluding leading pages and Annexes. It should be forwarded in electronic form to the AFFM e-mail address as indicated on the website or sent via courier, either hard copy or soft copy saved on a storage device (such as SD card, flash drive or CD).

Additional information on the AFFM may be obtained from the AFFM Operational Procedures Manual available on the AFFM website.
**APPLICATION FOR AFFM FUNDING**

**PART I – Applicant’s information and Basic data**

<table>
<thead>
<tr>
<th>1. Project Title</th>
<th>State the title or name of the project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Name and Address of Applicant’s organization</td>
<td>State the name postal address, telephone, fax and e-mail of the Applicant organization</td>
</tr>
<tr>
<td>3. Institutional and Legal Status of the Applicant</td>
<td>Provide information on the Legal status of the Applicant (Proof of Legal Establishment/Registration, Main Function and activities, etc. The legal instrument (or other authorizations) granting the applicant the authority to mobilize and manage resources for the project should be mentioned.</td>
</tr>
<tr>
<td>4. Names and Addresses of Co-financiers and Partners</td>
<td>State names and postal addresses of the Co-financiers and Partners</td>
</tr>
<tr>
<td>5. Executing Agency (If different from Applicant)</td>
<td>If the recipient is different from the executing agency, the relationship between the two should be clearly shown and the capacities to undertake the respective responsibilities should be demonstrated</td>
</tr>
<tr>
<td>6. Project funding</td>
<td>Total Project Cost (EUR)</td>
</tr>
<tr>
<td></td>
<td>Project funding requested from AFFM (EUR)</td>
</tr>
<tr>
<td>7. Project duration</td>
<td>Indicate project duration: minimum 12 months, maximum 5 years</td>
</tr>
<tr>
<td>8. AFFM Areas of Intervention</td>
<td>Indicate % of project addressing the AFFM areas of interventions</td>
</tr>
<tr>
<td></td>
<td>Facilitation activities including policy formulation, technical assistance, information dissemination, law reform, and project preparation</td>
</tr>
<tr>
<td></td>
<td>Improvement of Africa’s fertilizer manufacturing capacity</td>
</tr>
<tr>
<td></td>
<td>Providing credit guarantees for fertilizer importers and distributors</td>
</tr>
<tr>
<td></td>
<td>Support establishment of regional fertilizer procurement and distribution facilities</td>
</tr>
<tr>
<td></td>
<td>Developing financing mechanisms in support of fertilizer production, distribution, and agriculture generally</td>
</tr>
<tr>
<td>9. Geographic Scope</td>
<td>List region or countries in which the project will be implemented</td>
</tr>
</tbody>
</table>
PART II – Project Description

Executive Summary

1. BACKGROUND AND RATIONALE (max 3 pages)

1.1 Origin and context of the Project

Give a historical background of the project, its origin and relation to previous similar projects (if any). Provide the wider context of the problem addressed:

i) Regional priorities, including priorities in Poverty Reduction Strategy Papers (PRSPs) of countries included, upon which the operation has been conceived;

ii) Project linkage to regional priorities, action plans and program;

iii) Key development issue(s) that the project is aiming to address;

iv) Alternative development interventions or approaches being considered; and

v) Rationale for the approach favored.

1.2 Problem Definition

Define the problem which the project seeks to solve, including evidence of the need that the project will address, with references. State alternative options and courses of action that were considered and how the present option was selected.

1.3 Beneficiaries and Stakeholders

Clearly identify the beneficiaries of the project and the relationship with the prospective recipient of the grant. Identify key stakeholders other than direct beneficiaries. Show how their interests and concerns will be met by the project. Show if there are possible areas of conflict and how they will be addressed. Give a gender disaggregated picture of access to project benefits and show measures to ensure gender balancing.

2. THE PROJECT (max 4 pages)

2.1 Project Goal and Objectives

State the medium to long term change expected to come about as a result of the project and other projects in the impact area. Typical development changes include improved agricultural productivity, yields, outputs, employment and incomes, food security and poverty reduction, etc.

2.2 Outputs

State the direct result of completing the project and the implementation of the activities of the project.

2.3 Activities

List the activities required to achieve the project outputs. These may include baseline / feasibility studies, training, design, procurement, construction and installation, support services, creation of institutional structures etc.

Some activities will be directed at mitigation of risks, negative social and environmental impacts, as well as monitoring and evaluation including baseline studies and project management, as well as
arrangements for verification and annual audits. These activities should be clearly identified and their links to the higher objectives recognized.

2.4 Risks

Define the main risks associated with the project, considering each project output, and where possible, show how these risks have been mitigated in project design.

2.5 Cost and Financing Plan

Present the cost of the activities in the currency chosen by the applicant (with a column for estimated cost in Euros). The currency used by the AFFM is the Euro. State the proposed financing requirement from the AFFM, state the contribution of the applicant, the beneficiaries and other co-financiers where applicable. Provide a detailed project budget in an annex, differentiating between AFFM costs and costs financed by co-financiers.

3. IMPLEMENTATION (max 3 pages)

3.1 Recipient

Identify the recipient and demonstrate capacity to implement the project in terms of human, material and financial resources. For non-state actors, confirm the eligibility in terms of legal status. State the recipient’s experience in the implementation of similar projects.

3.2 Implementation Arrangement and Capacity

Show the proposed organizational structure for implementation, as well as arrangements for dealing with external agencies. Confirm that resources and logistics are in place for execution of the project.

3.3 Performance Plan and monitoring

For each result (outcomes and outputs) described in chapter 2, provide a set of critical measurable indicators, with time phased targets.

Present the arrangements for data collection and processing to verify the indicators in the Performance and Implementation Plans.

3.4 Implementation Schedule

For each output, give a schedule for attainment of activity indicators, if necessary, broken down into tasks.

3.5 Accounting Arrangements

State arrangements for the financial management of the project. Provide sufficient information to permit AFFM to assess the fiduciary control environment.

4. PROJECT BENEFITS (max 2 pages)

4.1 Effectiveness and Efficiency

Show how proposed activities and implementation arrangements are necessary and sufficient for attainment of results. Demonstrate that the project provides value for money. Where relevant, provide
an economic and financial analysis of the project (for Capital Investment Projects in excess of €2 million). Relate the project objectives to the focus areas of the AFFM.

4.2 Sustainability

Show arrangements for financing operation and maintenance of project facilities beyond the duration of the grant funding. Demonstrate that reliable institutional arrangements will be in place to ensure continuity of the results thereafter.
State results of any Social and Environmental Assessments, Management and Mitigation and Monitoring Plans.

ANNEXES

i. Project Logical Framework
ii. Maps: Country/Location and Project Area
iii. Terms of Reference (in case of project preparation projects/studies)
iv. Details of project costs
Annex IV: AFFM Proposal Score Sheet

[To be amended as needed to cater for specificities of different calls for proposals]

To be eligible for financing under AFFM, proposed activities and projects must fall into one or more of the areas of intervention. All projects financed by the AFFM should have clear performance indicators with good expected outcomes and clear targets. In considering a request for financing, due consideration is given to the following criteria:

i) Political commitment of the country as demonstrated by a clear indication of the importance accorded to fertilizer industry and agricultural sector transformation.

ii) Consistency with national priorities and regional consensus.

iii) Credibility, ownership, and commitment of the beneficiary.

iv) Value for money and economic viability.

v) Effectiveness and sustainability of the institutions and investments.

vi) Opportunity for effective implementation.

vii) Good expected outputs with clear indicators and well defined targets.

Score Sheet Assessment

Eligibility for Utilizing AFFM Funds

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score*</th>
<th>List Main Strengths</th>
<th>List Main Weaknesses</th>
<th>Issues for Further Clarification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment of the AFFM’s Areas of Intervention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Facilitation activities including policy formulation, technical assistance, information dissemination, law reform, and project preparation;</td>
<td>H/M/L</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Improvement of Africa’s fertilizer manufacturing capacity;</td>
<td>H/M/L</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii) Providing credit guarantees for fertilizer importers and distributors;</td>
<td>H/M/L</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv) Support establishment of regional fertilizer procurement and distribution facilities; and</td>
<td>H/M/L</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>v) Developing financing mechanisms in support of fertilizer production, distribution, and agriculture generally.</td>
<td></td>
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</tr>
</tbody>
</table>

*High/Medium/Low. If the proposal does not demonstrate “high” alignment with at least one of the areas then the project is not eligible for any funding from the AFFM.
### Section 1: Development Impact (15 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score*</th>
<th>List Main Strengths</th>
<th>List Main Weaknesses</th>
<th>Issues for Further Clarification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate alignment with country and sector strategies and plans</td>
<td>(5)</td>
<td></td>
<td></td>
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<tr>
<td>Demonstrate positive impacts on the livelihoods of stakeholders</td>
<td>(5)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Demonstrate the potential to contribute to fertilizer value chain and agricultural development, and how data and information generated by the project will be available publicly</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(15)</td>
<td></td>
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</tr>
</tbody>
</table>

### Section 2: The Project (40 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score*</th>
<th>List Main Strengths</th>
<th>List Main Weaknesses</th>
<th>Issues for Further Clarification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicate how generated data and information will be shared</td>
<td>(10)</td>
<td></td>
<td></td>
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<tr>
<td>Project Innovation</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Demonstrate knowledge and lesson learned on fertilizer value change promotion and transformation</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;E Plan that monitors and measures results with indicators and targets</td>
<td>(5)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Demonstrate how the project contributes to increasing fertilizer use towards the AU’s 50kg/ha target</td>
<td>(15)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>(40)</td>
<td></td>
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</tbody>
</table>

### Section 3: Cost Reasonableness and Effectiveness (15 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score*</th>
<th>List Main Strengths</th>
<th>List Main Weaknesses</th>
<th>Issues for Further Clarification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present a clear financing plan, cost sharing arrangement, and detailed cost estimates with a structure that shares cost and risk among co-financing entities</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coordination with initiatives in the country or in the region and efforts to secure other funding</td>
<td>(5)</td>
<td></td>
<td></td>
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<tr>
<td>Value for money and economic attractiveness</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(15)</td>
<td></td>
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</tbody>
</table>
## Section 4: Implementation (15 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
<th>List Main Strengths</th>
<th>List Main Weaknesses</th>
<th>Issues for Further Clarification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability without further input from the AFFM</td>
<td>(5)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Demonstration of viable exit strategy</td>
<td>(5)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Articulate how the capacities developed, if any, will contribute to the sustainability of the AFFM’s goal and objectives</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(15)</td>
<td></td>
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</tbody>
</table>

**GRAND TOTAL**  100
Annex V: AFFM Project Appraisal Report Outline

Executive Summary

1. BACKGROUND
1.1 Origin of the Project .................................................................
1.2 Sector Priorities ................................................................................
1.3 Problem Definition ..........................................................................
1.4 Objectives of the Project ..............................................................
1.5 Beneficiaries and Stakeholders ......................................................
1.6 Justification for AFFM Support ....................................................

2. THE PROJECT
2.1 Impacts..............................................................................................
2.2 Outcomes ........................................................................................
2.3 Outputs ...........................................................................................
2.4 Activities ........................................................................................
2.5 Risks ................................................................................................
2.6 Costs and Financing Plan .................................................................

3. IMPLEMENTATION
3.1 Recipient .........................................................................................
3.2 Project Organisation and Institutional Analysis ................................
3.3 Project Implementation Plan ............................................................
3.4 Procurement Arrangements .............................................................
3.5 Disbursement Arrangements and Expenditure Schedule ................
3.6 Financial Management Capacity, Reporting and Auditing ............
3.7 Project Supervision Plan .................................................................
3.8 Monitoring, Evaluation and Reporting Arrangement ....................

4. PROJECT BENEFITS
4.1 Effectiveness and Efficiency, including value for money ............
4.2 Economic and financial feasibility (where relevant) ....................
4.3 Sustainability ..................................................................................

5. CONCLUSION AND RECOMMENDATIONS
5.1 Conclusion ......................................................................................
5.2 Recommendations ..........................................................................

ANNEX 1: Geographical coverage Map
ANNEX 2: Project Logical Framework
ANNEX 3: Terms of Reference for Consultancy Services
ANNEX 4: Cost Estimates
ANNEX 5: Project Management Structure
ANNEX 6: Project Implementation Plan
The information derived from these reports is used by the AFFM to monitor progress of projects funded by AFFM, provide prompt remedial input/intervention where needed, and prepare reports to the Bank and the Governing Council concerning the operations and activities of the AFFM.

1. **PROJECT PROFILE**

<table>
<thead>
<tr>
<th>Project Title</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Number</td>
<td></td>
</tr>
<tr>
<td>Recipient</td>
<td></td>
</tr>
<tr>
<td>Managing Unit/ Executing Agency</td>
<td></td>
</tr>
<tr>
<td>Date of Grant Effectiveness</td>
<td></td>
</tr>
<tr>
<td>Expected Closing date</td>
<td></td>
</tr>
</tbody>
</table>

2. **SUMMARY OF ACHIEVEMENTS DURING THE REPORTING PERIOD**

   Summarize project achievements in less than 400 words (bullets)

3. **FULFILMENT OF CONDITIONS OF GRANT AGREEMENT**

   Condition | Current status of achievement
   -----------------------------------
   List the conditions for grant effectiveness or first disbursement as provided in the project appraisal report / financing agreement

4. **PROJECT IMPLEMENTATION PROGRESS**

4.1 **Output and Activity Progress**

<table>
<thead>
<tr>
<th>Output / Activity As listed in the project appraisal report / financing agreement</th>
<th>Status: Complete, On-going, Not started</th>
<th>Work undertaken during the reporting period</th>
<th>Issues that need to be addressed: Decisions/actions to be taken</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>
4.2 Project Performance Measurement

<table>
<thead>
<tr>
<th>Project Indicators</th>
<th>Target set and timeframe</th>
<th>Actual Results and time frame</th>
<th>Explanation and corrective measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>As listed in the project appraisal report / financing agreement</td>
<td></td>
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</tr>
</tbody>
</table>

5. STATUS OF EXPENDITURES AND RECEIPTS

5.1 Summary of use of AFFM resources

<table>
<thead>
<tr>
<th>Financial Overview</th>
<th>Project Grant Budget</th>
<th>Expenditure/Receipt during reporting period</th>
<th>Cumulative Spending/Receipt</th>
<th>% Spent/Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Sources</td>
<td>AFFM Grant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>Goods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Works</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>Operating Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.1 Co-financing

<table>
<thead>
<tr>
<th>Source/Institution</th>
<th>Type of Support</th>
<th>Co-funding provided as agreed?</th>
<th>Risk to project in case of deviations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

6. COMMENTS

| Comments on project financials | |
| Comments on procurement plan  | |
| Comments on overall project implementation progress | |
ANNEXES

- Project Financial Report
- Procurement Plan updated as at the end of the reporting period

7. COMMENTS (To be completed by the AFFM Task Manager)

Acknowledgement and comments by the Task Manager having reviewed and discussed the project progress report with the Recipient: It is important that feedback is provided to the grant recipient and the project leader on any actions suggested to resolve any inadequate assessments as well as observations and comments regarding project progress to date and any technical, management or dissemination issues that you would like to provide. These should be provided to the project leader by the AFFM.

Name:
Date:
## Annex VIII. Project Financial Report Format

### PROJECT FINANCIAL REPORT (in Euros)

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Prepared by:</th>
<th>Grant Number:</th>
<th>Approved by:</th>
<th>Grant Start/End Date: June 01, 2018/February 28, 2020</th>
<th>Report for Period:</th>
</tr>
</thead>
</table>

### 1. AFFM FUNDING

#### 1A: OVERVIEW

<table>
<thead>
<tr>
<th>Description</th>
<th>Project Grant Budget</th>
<th>Expenditure/Receipt during reporting period</th>
<th>Cumulative spending/Receipt</th>
<th>% Spent/Received</th>
<th>Balance Remaining</th>
</tr>
</thead>
</table>

**INCOME SOURCES**

- AFFM Grant
- Disbursement 1
- Disbursement 2
- etc.
- Direct payment 1
- Direct payment 2
- etc.
- Interest Earned

**TOTAL INCOME**

| | | | | | |
| | | | | | |

**EXPENDITURE SUMMARY**

- Goods
- Works
- Services
- Personnel
- Operating Cost
- Miscellaneous

**TOTAL EXPENDITURES**

| | | | | | |
| | | | | | |

**SURPLUS/(DEFICIT)**

| | | | | | |
| | | | | | |

#### 1B: EXPENDITURE

**Output 1**

<table>
<thead>
<tr>
<th>Activity 1: XXX</th>
<th>Goods</th>
<th>Works</th>
<th>Services</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 2: XXX</th>
<th>Goods</th>
<th>Works</th>
<th>Services</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Etc.</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

**Output 2**

<table>
<thead>
<tr>
<th>Activity 1: XXX</th>
<th>Goods</th>
<th>Works</th>
<th>Services</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 2: XXX</th>
<th>Goods</th>
<th>Works</th>
<th>Services</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Etc.</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

**Project Management & Coordination**

<table>
<thead>
<tr>
<th>Goods</th>
<th>Works</th>
<th>Services</th>
<th>Operating Cost</th>
<th>Personnel</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL AFFM EXPENDITURE**

| | | | | | |
| | | | | | |

### 2. COUNTERPART FUNDING

<table>
<thead>
<tr>
<th>Source</th>
<th>Type/Nature of funding</th>
<th>Budget Amount</th>
<th>Spending during reporting period</th>
<th>Cumulative spending</th>
<th>% Spent</th>
<th>Balance</th>
</tr>
</thead>
</table>

*The information reported on this form is accurate financial information based on documentation on file per the grant agreement (attach accounting system print out)*

XVII
Annex IX. Project Procurement Plan Format

**PROCUREMENT PLAN**

**General**

<table>
<thead>
<tr>
<th>Project/Program</th>
<th>Grant No:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Implementing Agency/Address</th>
<th>Bank's Approval Date of Procurement Plan</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Date of General Procurement Notice</th>
<th>Period Covered by these Proc. Plans</th>
</tr>
</thead>
</table>

**CONSULTANTS**

Prior Review Threshold: Procurement decisions subject to prior review by the Bank as stated in the Appraisal Report.

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Procurement Method</th>
<th>Consultant’s Drawn Budget</th>
<th>Comments</th>
</tr>
</thead>
</table>

**Procurement Packages with Methods and Time Schedule**

<table>
<thead>
<tr>
<th>Description of Assignment</th>
<th>Request for Expression of Interest</th>
<th>Request for Proposal &amp; Short List</th>
<th>Bid Proposals</th>
<th>Bid Evaluation Technical &amp; Financial</th>
<th>Contract Award</th>
<th>Contract Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Date</td>
<td>Date</td>
<td>Date</td>
<td>Date</td>
<td>Date</td>
<td>Date</td>
</tr>
</tbody>
</table>

**TOTAL COST CONSULTANTS**

<table>
<thead>
<tr>
<th>Total Cost Consultants</th>
<th>Date</th>
<th>Date</th>
<th>Date</th>
<th>Date</th>
<th>Date</th>
<th>Date</th>
</tr>
</thead>
</table>

| Date | Date | Date | Date | Date | Date |

XVIII
Annex VIII: AFFM Project Completion Report Outline

A. PROJECT DATA AND KEY DATES

1. Basic Information

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Title</th>
<th>Countries</th>
<th>ID Number of all Lending Instrument(s)</th>
<th>Department</th>
<th>Environmental Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Original Commitment Amount</td>
<td>Amount Cancelled</td>
<td>Amount Disbursed</td>
</tr>
</tbody>
</table>

Borrower

Executing Agency (ies)

Co-financiers

II. Key Dates

Appraisal Report Cleared

Board Approval

Effectiveness

Mid-Term Review

Closing

B. PROJECT CONTEXT

Summarize the rationale for AFFM assistance.

C. PROJECT OBJECTIVES AND LOGICAL FRAMEWORK

1. State the project development objective (s) as set out in the appraisal report

Describe the major project components and indicate how each will contribute to achieving the project development objective (s).

2. Provide a brief assessment of the project objectives along the following 3 dimensions: RELEVANT, ACHIEVABLE, and CONSISTENT.

3. Summarise the log frame.

4. For each dimension of the log frame, provide a brief assessment of the extent to which the log frame achieved the following: LOGICAL, MEASURABLE, and THOROUGH.

D. OUTPUTS AND OUTCOMES

Achievement of Outputs

Assess the achievement of actual vs. expected outputs for each major activity.

Achievement of Outcomes

1. Using available monitoring data, assess the achievement of expected outcomes.

2. Additional outcomes. Comment on the project's additional outcomes not captured in the log frame, including cross-cutting issues.

3. Risks to sustained achievement of outcomes. State the factors that affect, or could affect, the long-run or sustained achievement of project outcomes.

E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION
1. State the extent to which the AFFM and the Borrower/Recipient ensured that the project was commensurate with the Borrower’s/Recipient’s capacity to implement by designing the project appropriately and by putting in place the necessary implementation arrangements. Consider all major design aspects, such as extent to which project design took into account lessons learned from previous PCRs in the sector or the country (please cite key PCRs); whether the project was informed by robust analytical work (please cite key documents); how well the AFFM and the Borrower/Recipient assessed the capacity of the implementing agencies and/or the Project Implementation Unit; scope of consultations and partnerships; economic rationale of project; and provisions made for technical assistance.

2. For each dimension of project design and readiness for implementation, provide a brief assessment: REALISM, RISK ASSESSMENT, and USE OF COUNTRY SYSTEMS.

3. For the following dimensions, provide separate working scores for AFFM performance and Borrower performance: CLARITY, PROCUREMENT READINESS, MONITORING READINESS, and BASELINE DATA.

F. IMPLEMENTATION

1. State the major characteristics of project implementation with reference to: adherence to schedules, quality of construction or other work, performance of consultants, effectiveness of AFFM supervision, and effectiveness of Borrower/Recipient oversight. Assess how well the AFFM and the Borrower/Recipient ensured compliance with safeguards.

2. Comment on the role of other partners (e.g. donors, NGOs, contractors, etc.). Assess the effectiveness of co-financing arrangements and of donor coordination, if applicable.

3. Harmonization: state whether the AFFM made explicit efforts to harmonize instruments, systems and/or approaches with other partners.

4. For each dimension of project implementation, assess the extent to which the project achieved the following: TIMELINESS, AFFM PERFORMANCE, and BORROWER/RECIPIENT PERFORMANCE.

G. COMPLETION

1. Is the PCR process delivered on a timely basis in compliance with Bank Policy?

2. Briefly describe the PCR Process.

H. LESSONS LEARNED
AFRICAN DEVELOPMENT BANK

Resolution № B/BD/2018/11

Adopted by the Board of Directors on a lapse-of-time basis, on 17 September 2018

Africa Fertilizer Financing Mechanism (AFFM) – Operational Procedures Manual

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 8, 10, 11, 12, 13, 17, 32 and 37 of the Agreement Establishing the African Development Bank (the “Bank”); and (ii) the Instrument for the Establishment of the Africa Fertilizer Financing Mechanism (AFFM) Special Fund (the “Instrument”);

RECALLING Resolution B/BG/2008/1 adopted by the Board of Governors of the Bank on 14 March 2008 approving the Instrument pursuant to which the Bank administers AFFM Special Fund resources;

NOTING that AFFM is a special fund established to pool resources mobilized from donors to finance in particular, fertilizer production, distribution, procurement and use in Africa; and


HEREBY approves the AFFM Operational Procedures Manual;

AUTHORIZES the President to take all such measures as may be necessary or expedient for the proper implementation of this Resolution; and

DECIDES THAT this Resolution shall become effective on the date above-mentioned.