
Republic of Malawi
Sustainable Agricultural Production Programme –
Phase II (SAPP II)
Negotiated financing agreement

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Negotiated financing agreement

Sustainable Agricultural Production Programme – Phase II (SAPP II)

(Negotiations concluded on 07 December 2023)

Grant No:

Project name: Sustainable Agricultural Production Programme – Phase II (“SAPP II”/“the Programme”)

The Republic of Malawi (the “Borrower”/“Recipient”)

and

The International Fund for Agricultural Development (the “Fund” or “IFAD”)

(each a “Party” and both of them collectively the “Parties”)

WHEREAS

- A. At its 104th session held on in December 2011, IFAD’s Executive Board (the “EB”) approved the Sustainable Agricultural Production Programme (SAPP) and the relevant financing agreement between IFAD and the Borrower was signed on 24 January 2012 and subsequently amended;
- B. Following a successful review of SAPP and coupled with the Parties’ decision to consolidate and upscale the SAPP achievement, it was determined that a second phase to SAPP was required to be implemented in a bid to support agriculture commercialization and stabilization of household food security;
- C. Consequently, the Recipient requested a Debt Sustainability Framework (DSF) grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement and the Fund has agreed to provide such financing;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the “General Conditions”) are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a DSF grant to the Recipient, which the Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the DSF grant is eighteen million and fifty thousand United States dollars (USD 18 050 000) (the "Grant/ the "Financing").
2. The first day of the applicable Fiscal Year shall be 1 April.
3. A specific Designated Account in United States Dollars for the exclusive use of the Programme will be opened at the Reserve Bank of Malawi in order to receive funds pertaining to the Grant. The Recipient shall inform the Fund of the officials authorized to operate the Designated Account.
4. The Recipient shall provide counterpart funding for the purpose of the Programme for an amount equivalent to eight million United States dollars (USD 8 000 000) in cash or kind, in the form of taxes and other Programme costs in accordance with the approved Annual Work Plans and Budget (AWPBs). Beneficiaries will also make in kind contributions to the Programme amounting to six million United States dollars (USD 6 000 000) in component 2.2 for Market Linkages promoted based on opportunities to unlock value in the Farmer Challenge Fund (FCF) and three million forty one thousand United States dollars (USD 3 041 000) for the Pass-On programme, under component 1.

Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture (MoA).
2. Additional Programme Parties are described in Part II, Schedule 1 of the Agreement.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Programme.
4. The Programme Completion Date shall be the 7th anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be as specified in the General Conditions.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the Recipient's procurement methods and regulations to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Grant and supervise the Programme.

Section E

1. The following is designated as an additional ground for suspension of this Agreement:
 - (a) The Programme Implementation Manual (PIM) and/or Farmer Challenge Fund Manual and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Programme.
2. The following is designated as an additional ground for cancellation of this Agreement:

(a) In the event that the Recipient did not request a disbursement of the Financing beyond 12 months without justification.

3. The following are designated as additional conditions precedent to withdrawal:

(a) The IFAD no objection to the PIM shall have been obtained; and

(b) The key Programme staff shall have been appointed and approved by the Fund as detailed under Paragraph 13 of Schedule 3.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Minister of Finance and Economic Affairs
Ministry of Finance and Economic Affairs
P.O. Box 30049, Capital Hill
Lilongwe 3
Malawi

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Recipient.

REPUBLIC OF MALAWI

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Date: _____

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. *Goal.* The goal of the Programme is to improve wealth creation, as well as food and nutrition security among the rural population of Malawi.
2. *Objectives.* The Project Development Objective (PDO) is to promote Commercialised agriculture that enhances the resilience¹ and productivity of smallholder farming systems for improved income, food and nutrition security of rural men, women and youth in selected districts of Malawi by 2030".
3. *Components.* The Programme shall consist of the following three components:
 - 3.1. Component 1: **Increased smallholder productivity and climate resilience.** This component will focus on enhancing production systems that are food-focused, market oriented, protecting the productive natural resource base and climate proofing investments. Interventions will include upscaling good agricultural practices, adaptive research to improve climate-resilience and address market-access challenges, pluralistic extension systems including e-extension, to enhance capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches. Food insecure households will receive support with establishing integrated homestead production, livestock pass-on while nutrition education will be integrated into all the programme delivery mechanisms, such as household approaches, farmer organizations, Farmer Field Schools. Livestock pass-on will only apply to the original SAPP Districts.
 - 3.2. Component 2: **Commercialisation of smallholder farming systems promoted.** To fully integrate with the market system and other VC actors, producers will be supported to align with the market, including strengthening farmer organisations, enhancing producer groups access to technologies and approaches for production, value addition and processing. Malawi Bureau of Standards will be engaged as a critical partner for food safety standards, food handling, packaging, and labelling. Farmers will be linked into multi-stakeholder platforms to enhance VC coordination. The Farmer Challenge Fund (FCF) will be deployed to support farmer groups and other VC actors, to engage in production and post-production enterprises informed by the business plans. Beyond the FCF SAPP II will also work to link farmers to financial service providers for sustainability
 - 3.3. Component 3: **Strengthened institutional capacity and knowledge management systems.** SAPP II will support capacity building activities to facilitate effective implementation, at national, district and community level. SAPP II will support relevant strategies, including smallholder mechanization and contract farming. Specifically on disaster risk management, activities will focus on building capacity for early warning system response and disaster risk management through improved coordination, as well as climate risks assessment. It is foreseen that output 1.3 of SAPP II Programme Description will be financed through the IFAD-EU partnership under the Investing in Livelihood Resilience and Soil Health in ACP countries (ILSA): IFAD's Contribution to the EU initiative on Food Production and Resilience of Food Systems in African, Caribbean and Pacific (ACP) countries.
 - 3.4. **Response to Emergency and Disaster Component:** The objective of this component is to ensure that in the event of a disaster, whether environmental or man-made, SAPP II can adequately respond to safeguard the developmental gains of the Programme. The most

¹ Including climate resilience. Cross cutting across the entire Programme will be the need to promote climate-resilience and disaster risk reduction given the Malawian context. This will entail (i) promoting climate-smart agriculture practices and natural resource conservation to reduce sensitivity, (ii) supporting the development and implementation of disaster risk reduction strategies/investments (iii) prevention, mitigation as well as transfer; (iv) risk identification as well as reduction; (v) financial protection. The Programme will benefit from IFAD experience with disaster risk reduction through climate resilient investments as well as recovery.

likely emergencies in Malawi are weather-related i.e. extreme weather events such as Cyclones and El Nino.

4. *Target Population.* The Programme is expected to benefit approximately 80,000 rural households corresponding to 400,000 direct beneficiaries. About 50 percent female beneficiaries and 30 per cent youth beneficiaries will be targeted. Special consideration will also be given to women headed households, and HHs with persons with disabilities.

5. *Programme area.* The Programme will be implemented in 4 Districts of Malawi, of which 2 are new and the other 2 were SAPP Districts and within production corridors. The selected districts are Lilongwe Rural and Balaka which were SAPP target districts and two news ones namely Mzimba and Dowa. The previous Districts have been retained to further build on the achievements of SAPP and ensure market ready smallholders can benefit from the commercialization agenda.

II. Implementation Arrangements

6. *Lead Programme Agency.* The Ministry of Agriculture (MoA) will be the lead implementing agency, providing strategic policy guidance and oversight of SAPP II.

7. *Programme Oversight Committee (PSC).* The PSC will be responsible for programme oversight. The Principal Secretary of the Ministry of Agriculture will be the Chairperson of the PSC. Other members of the PSC will include Principal Secretaries for Ministries of Trade and Industry, Local Government, Unity and Culture; Gender, Child Protection and Social Welfare; Youth and Sports; Natural Resources and Climate Change; Health and the Chief Executive Officers for the Lilongwe University of Agriculture and Natural Resources (LUANAR); National Association of Smallholder Farmers in Malawi (NASFAM); Malawi Confederation of Chambers of Commerce and Industry (MCCCI); Farmers Union of Malawi (FUM), Malawi Bureau of Standards and Civil Society Agriculture Network (CISANET). A Programme Technical Committee (PTC) will be established to provide technical support to both the PSC and the Programme Management Unit (PMU). Terms of Reference and nominations to the PSC and PTC will require prior consent from IFAD.

8. *Programme Management Unit (PMU).* The day-to-day implementation and coordination of the Programme will be undertaken by a dedicated Programme Management Unit (PMU). The PMU will be granted authority to undertake all financial and procurement management activities, lead and supervise programme implementation and provide specialist technical inputs. An independent PMU will be established under the aegis of the Ministry of Agriculture. Key Programme Staff will include: National Programme Coordinator, Programme Accountant, Gender, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer and Agribusiness Officer. Some members of the SAPP PMU may be appointed by GoM to the SAPP II PMU based on the availability of two consecutive cycles of satisfactory performance appraisals and an independent suitability assessment for the position determined by a job suitability assessment undertaken by an external party. Where suitable candidates have not been identified from the SAPP PMU, GoM will be recruited competitively from the market. The recruitment and contract renewal of key Programme Staff will require prior consent from IFAD.

9. *Implementing partners.* Technical departments of MoA will closely interface with the PMU and support programme implementation by providing technical expertise in the relevant technical areas of the Programme – including crop development and animal health & livestock development, agriculture extension & agribusiness, research, land resources conservation and natural resources management. At the district level, the District Commissioners will provide programme implementation oversight through the office of the Director of Agriculture, Environment and Natural Resources, working closely with the Directors of Planning and Development. Programme Implementation will follow the existing Decentralized Agriculture Extension Service System (DAESS) including Departments of Gender, Youth and Community

Development to reach out to the community. The Agricultural Development Divisions (ADDs) will provide oversight of district councils in the implementation of SAPP II.

10. Service providers. SAPP II will mobilize and outsource key services related to commercialisation under component 2. Service providers will provide support in market systems facilitation, capacity building and strengthening of farmer organisations and producer

associations, support groups to develop and implement business plans, brokering partnerships and relationships with aggregators and off takers amongst other potential roles.

Farmer Challenge Fund Management: The FCF will be managed by a competent Fund Manager - financial institution, competitively recruited, with direct oversight on review of business plans submitted by groups, provision of technical assistance to the groups to ensure the business plans are bankable and implementable, performance monitoring of the group enterprises, promotion of best practices and knowledge management. The recruitment process of the Fund Manager will be undertaken in line with applicable procurement procedures and will require IFAD's prior consent. The contract with the Fund Manager shall be subject to IFAD's no objection and shall ensure that IFAD's staff and project auditors have access to the FCF's financial records for purposes of supervision and audit respectively.

11. *Monitoring and Evaluation (M&E).* The M&E system will be guided by the National M&E Master Plan. The SAPP II M&E system will enable disaggregated data by gender and age. All the core indicators will be measured at baseline, mid-line and at completion. The data collection approaches will combine qualitative and quantitative survey methods, and should follow IFAD guidelines and definitions of the IFAD core indicators. Key reporting milestones include: i) Baseline Report; ii) Annual Progress Report; iii) Mid-Term Report; iv) Annual Outcome Reports from Mid-term; v) Project Completion Report. A specific Portfolio Performance Report for the Farmer Challenge Fund will be prepared annually as an annex to the Annual Progress Report.

12. *Knowledge Management.* Knowledge management and communication systems will be developed to reflect and capture the programme achievements, the lessons learnt and success stories. A SAPP II website will be created and will be the main channel to share updated information about the Programme.

13. *Programme Implementation Manual.* The Programme shall be implemented in accordance with the approved Annual Work Plan and Budget (AWPB), and Procurement Plan and the PIM, the terms of which shall be adopted subject to the Fund's prior approval. The PIM shall include, among other things: (i) terms of reference, implementation responsibilities and appointment modalities of all programme staff and consultants; (ii) programme operating manuals and procedures; (iii) monitoring and evaluation systems and procedures; (iv) a detailed description of implementation arrangements for each programme component; (v) modalities for the selection of service providers to be based on transparent and competitive processes; (vi) financial management and reporting arrangements including accounting, approval of payments, financial reporting, internal controls, fixed asset management, as well as internal and external audit; and (vii) the good governance and anti-corruption framework.

14. *Farmer Challenge Fund Manual.* A specific manual for the management of the Farmer Challenge Fund (FCF) will be developed and finalized by mid-2025, and will require IFAD's prior consent. The manual will govern the transfer mechanism for grants and other financing mechanisms including blended finance.

Schedule 2

Allocation Table

1. *Allocation of Grant Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in USD)	Percentage
I. Works	320 000	100% net of taxes
II. Consultancies	3 510 000	100% net of taxes
III. Goods, services, and inputs	3 600 000	100% net of taxes
IV. Training & workshops	5 140 000	100% net of taxes
V. Farmer Challenge Fund	910 000	100% net of taxes
VI. Recurrent costs	2 770 000	100%
Unallocated	1 800 000	
TOTAL	18 050 000	

The terms used in the Table above are defined as follows:

- (i) Cat. III Goods services and inputs includes equipment and materials
- (ii) Cat. VI Recurrent costs includes salaries, allowances and operating costs
- (iii) Cat. V Farmer Challenge Fund – Grants & subsidies to support farmer groups and other value chain actors, to engage in production and post-production enterprises informed by business plans. No funds shall be transferred for the FCF until the implementation arrangements for this fund have been documented and approved by IFAD as foreseen in Schedule 1 clause 15

2. *Disbursement arrangements*

- (a) *Start-up Advance.* Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500,000. Activities to be financed by the Start-up Advance will require the no objection from IFAD to be considered eligible.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme:

1. Within 6 months of entry into force of the Financing Agreement, the Programme will procure and install a customized accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Programme will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. By mid-2025, the Programme shall have developed a Manual for the management of the Farmer Challenge Fund and completed the recruitment of the Fund Manager.
4. Within 12 months of entry into force of the Financing Agreement, the Programme shall have developed a Commercialization Strategy for SAPP II, which integrates food security and nutrition outcomes.
5. *Planning, Monitoring and Evaluation.* The Recipient shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement].
6. *Gender.* IFAD shall ensure that the PMU shall develop a Targeting Strategy for the Programme to ensure that women and youth considerations are mainstreamed in all programme activities throughout the implementation period, in order to offer equal opportunities under the Programme to men, women, women headed households, youth and other disadvantaged groups. The Programme should strive to reach more than 40% representation of women among the total outreach beneficiaries
7. *Indigenous People Concerns.* The Recipient shall ensure that the concerns of IPs are given due consideration in implementing the Programme and, to this end, shall ensure that:
 - (a) the Programme is carried out in accordance with the applicable provisions of the relevant IP national legislation;
 - (b) indigenous people are adequately and fairly represented in all local planning for programme activities;
 - (c) IP rights are duly respected;
 - (d) IP communities, participate in policy dialogue and local governance;
 - (e) The terms of Declarations, Covenants and/or Conventions ratified by the Recipient on the subject are respected²;
 - (f) The Programme will not involve encroachment on traditional territories used or occupied by indigenous communities.

² Refer to ILO 169, 1989 when ratified.

8. *Land tenure security.* The Recipient shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.

9. *Anticorruption Measures.* The Recipient shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

10. *Sexual Harassment, Sexual Exploitation and Abuse.* The Recipient and the Programme Parties shall ensure that the Programme is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

11. *Use of Programme Vehicles [and Other Equipment].* The Recipient shall ensure that:

- (a) all vehicles and other equipment procured under the SAPP II Programme are allocated to the PMU [and other Implementing Agencies] for programme implementation;
- (b) The types of vehicles [and other equipment] procured under the Programme are appropriate to the needs of the Programme; and
- (c) All vehicles [and other equipment] transferred to or procured under the Programme are dedicated solely to programme use.

12. *IFAD Client Portal (ICP) Contract Monitoring Tool.* The Recipient shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Recipient shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Programme Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Recipient shall ensure that the contract data is updated on a quarterly basis during the implementation of the Programme.]

13. The Key Programme Personnel are: National Programme Coordinator, Programme Accountant, Gender, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer and Agribusiness Officer. In order to assist in the implementation of the Programme, the [PIU/PMU], unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Programme Personnel shall be seconded to the [PIU/PMU] in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Programme Personnel is subject to IFAD's prior review as is the dismissal of Key Programme Personnel. Key Programme Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Programme Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Programme's circumstances.

II. SECAP Provisions³

1. The Recipient shall carry out the preparation, design, construction, implementation, and operation of the Programme in accordance with the nine standards and other measures and requirements set forth in the Updated Social, Environmental Climate Assessment Procedures of IFAD ("SECAP 2021 Edition"), as well as with all applicable laws and regulations to the Recipient and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Recipient shall not amend, vary or waive any provision of the SECAP 2021 Edition, unless agreed in writing by the Fund in the Financing Agreement and/or in the Management Plan(s), if any.

2. For projects/programmes presenting high or substantial social, environmental and climate risks, the Recipient shall carry out the implementation of the Programme in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans] (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Recipient shall not amend, vary or waive any provision of the ESCMPs and Management Plan(s), unless agreed in writing by the Fund and if the Recipient has complied with the same requirements as applicable to the original adoption of the ESCMPs and Management Plan(s).

3. The Recipient shall cause the Executing Agency, all its contractors, its sub-contractors and suppliers not to commence implementation of any works, unless all Programme affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

4. The Recipient shall cause the Lead Programme Agency to comply at all times while carrying out the Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. The Recipient shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with programme stakeholders and interested parties in an accessible place in the programme-affected area, in a form and language understandable to programme-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

6. The Recipient shall ensure or cause the Executing Agency and Implementing Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the Management Plan(s), if any.

7. The Recipient will ensure that a programme-level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Programme's activity and its potential impacts to promptly receive and resolve concerns and complaints (e.g. compensation, relocation or livelihood restoration) related to the environmental and social performance of the Programme for people who may be unduly and adversely affected or potentially harmed if the Programme fails to meet the SECAP standards and related policies. The programme-level grievance mechanism needs to take into account indigenous peoples, customary laws and dispute resolution processes. Traditional or informal

³ New SECA provisions for all projects that pass concept review after 1 September 2021.

dispute mechanisms of affected indigenous peoples should be used to the greatest extent possible.

8. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during programme implementation that, with respect to the relevant IFAD Programme:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Recipient shall:

- (i) Notify IFAD promptly;
- (ii) Provide information on such risks, impacts and accidents;
- (iii) Consult with programme-affected parties on how to mitigate the risks and impacts;
- (iv) Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- (v) Adjust, as appropriate, the programme-level grievance mechanism according to the SECAP requirements; and
- (vi) Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in loan or within the Recipient's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Recipient (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and -violence involving programme workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegation that require intervention by the police/other law enforcement authorities, such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

9. The Recipient shall ensure or cause the Executing Agency, Implementing Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the ESCMPs and Management Plan(s) (if any) are respected.

10. Without limitation on its other reporting obligations under this Agreement, the Recipient shall provide the Fund with:

- (i) Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;

- (ii) Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Programme and propose remedial measures. The Recipient will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and

- (iii) Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

11. The Recipient shall fully cooperate with the Fund concerning supervision missions, midterm reviews, field visits, audits and follow-up visits to be undertaken in accordance with the requirements of SECAP 2021 Edition and the Management Plan(s) (if any) as the Fund considers appropriate depending on the scale, nature and risks of the Programme.

12. In the event of a contradiction/conflict between the Management Plan(s), if any and the Financing Agreement, the Financing Agreement shall prevail.