
Informe del Presidente

Propuesta de donación con arreglo al Marco de Sostenibilidad de la Deuda

República de Malawi

Programa de Fomento de la Producción Agrícola Sostenible - Fase II

N.º de identificación del proyecto: 2000004511

Signatura: EB 2023/140/R.3/Rev.1

Tema: 15 a) i) a)

Fecha: 11 de diciembre de 2023

Distribución: Pública

Original: Inglés

Para aprobación

Medida: Se invita a la Junta Ejecutiva a que apruebe la recomendación que figura en el párrafo 54.

Preguntas técnicas:

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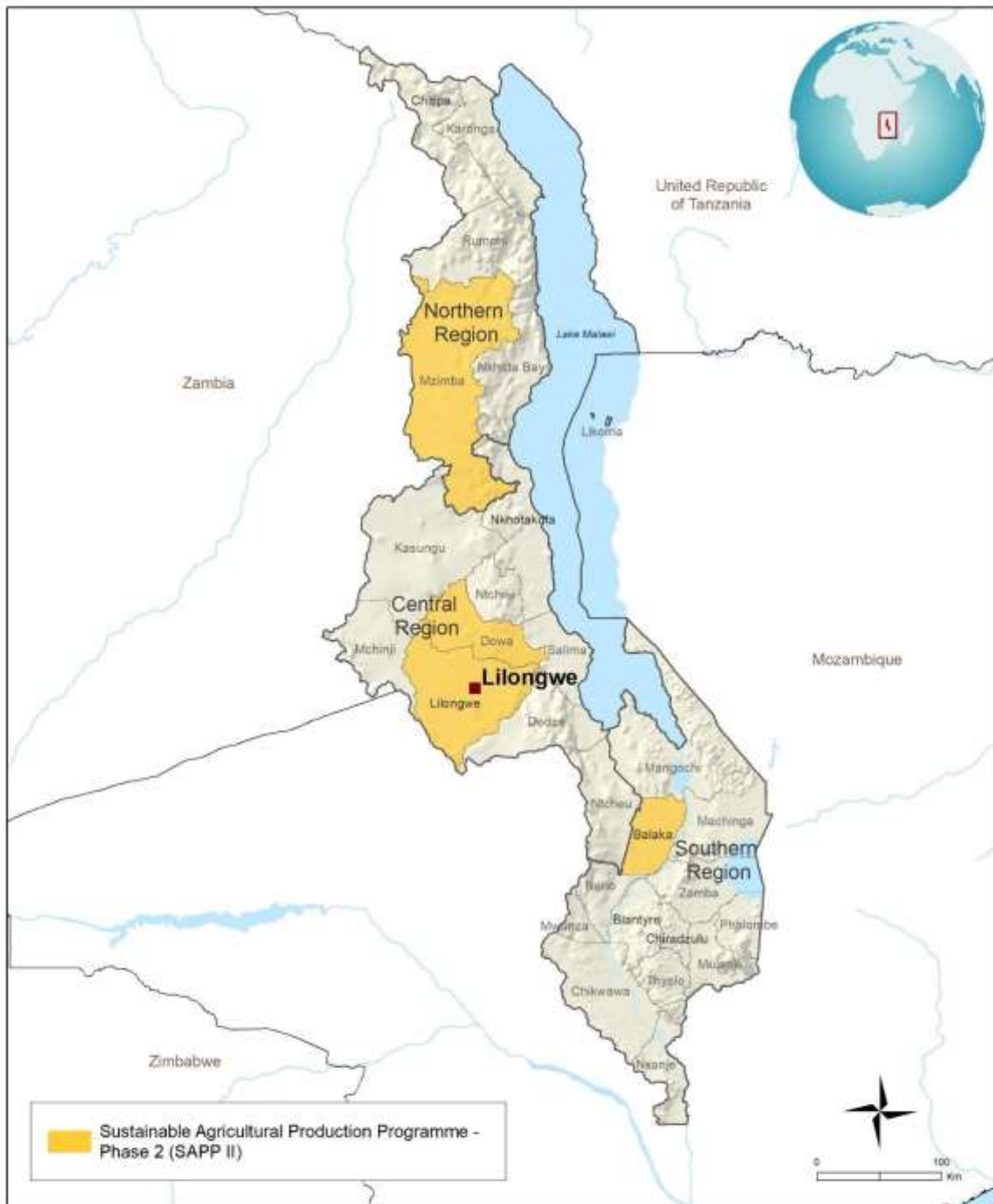
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- I. Negotiated financing agreement
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Mapa de la zona del programa



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Fuente: FIDA | 7-7-2023

Resumen de la financiación

Institución iniciadora:	FIDA
Receptor:	República de Malawi
Organismo de ejecución:	Ministerio de Agricultura
Costo total del programa:	USD 53,34 millones
Monto de la donación del FIDA con arreglo al Marco de Sostenibilidad de la Deuda (MSD):	USD 18,05 millones
Cofinanciadores:	Unión Europea, Programa de transferencia
Monto de la cofinanciación:	Donación de la Unión Europea: USD 2,60 millones Programa de transferencia: USD 3,04 millones
Condiciones de la cofinanciación:	Donación
Contribución del receptor:	USD 8,00 millones
Contribución de los beneficiarios:	USD 6,0 millones
Déficit de financiación:	USD 15,6 millones
Monto de la financiación del FIDA para el clima:	USD 7,43 millones

I. Contexto

A. Contexto nacional y justificación de la actuación del FIDA

Contexto nacional

1. La República de Malawi ocupa el puesto 164 entre 191 países en el índice de desarrollo humano del Programa de las Naciones Unidas para el Desarrollo (PNUD) para 2023. Los ingresos per cápita son bajos; según el informe *Perspectivas de la economía mundial* del Fondo Monetario Internacional (FMI) de abril de 2023, son de USD 496,14. La agricultura es un sector fundamental para la economía del país, ya que emplea alrededor del 85 % de la fuerza de trabajo y aporta el 22,6 % del producto interno bruto (PIB) y el 80 % de los ingresos por exportaciones. Malawi tiene una población joven con una edad media de 17 años, y el 78 % es menor de 35 (Informe principal del censo de población y vivienda de 2018).
2. Según las estimaciones para el país sobre la situación de la inseguridad alimentaria crónica en 2022-2026 de la Clasificación Integrada de las Fases de la Seguridad Alimentaria (CIF), unos 5,4 millones de habitantes de las zonas rurales enfrentan una inseguridad alimentaria crónica de moderada a grave (CIF 3 y 4) debido a la pobreza extrema y las perturbaciones recurrentes, entre otras causas. Malawi ocupa el puesto 87 entre 121 países en el Índice Global del Hambre, no está logrando avanzar para cumplir las metas relativas al Objetivo de Desarrollo Sostenible (ODS) 2, y el 37 % de los niños sufren retraso del crecimiento. Uno de los principales factores causantes de la pobreza es el desempeño insuficiente del sector agrícola, junto con el elevado crecimiento demográfico, la falta de mercados agrícolas estructurados y la escasez de oportunidades en las actividades no agrícolas para la población rural.
3. A pesar de estos desafíos, la producción agrícola en pequeña escala es fundamental para alcanzar las metas establecidas en el documento "Malawi 2063" (MW2063), que apunta a convertir a Malawi en un país de ingreso mediano alto rico, autosuficiente e industrializado para 2063.

Aspectos específicos relativos a las esferas transversales prioritarias del FIDA

4. En consonancia con los compromisos transversales del FIDA, en la validación se ha considerado que el programa tiene en cuenta lo siguiente:
 - la financiación para el clima;
 - la transformación en materia de género;
 - la nutrición, y
 - la capacidad de adaptación.
5. A pesar de las importantes intervenciones realizadas, la malnutrición sigue siendo un problema en las zonas rurales (CIF 2022), donde el retraso del crecimiento entre los niños asciende al 37 %, en comparación con el 25 % registrado en las zonas urbanas.
6. Se prevé que el **cambio climático** reducirá el suministro de alimentos del país, lo cual tendrá profundas consecuencias en la vida de la población rural pobre y obstaculizará aún más el desarrollo en los distintos sectores. Los cambios más importantes se observan en el inicio, la duración y la calidad de la estación lluviosa, así como en la mayor frecuencia e intensidad de los desastres vinculados al clima, como las sequías y las inundaciones.
7. **Las mujeres** constituyen el 52 % de la población y el 80 % de la fuerza de trabajo del país, pero en el sector agrícola existe una elevada diferencia de productividad entre hombres y mujeres. Esto se debe a que las mujeres enfrentan

desigualdad en el uso de insumos productivos (como la mano de obra), un acceso inadecuado a la tierra y a tecnologías mejoradas, y una menor participación en las cadenas de valor de exportación y generadoras de ingresos.

8. Malawi registra un rápido aumento de su **población joven**; alrededor de dos tercios de sus habitantes tienen menos de 24 años de edad y aproximadamente el 45 % es menor de 15.

Razones que justifican la intervención del FIDA

9. En Malawi, la comercialización agrícola se encuentra en una etapa muy incipiente, lo que justifica el apoyo a los pequeños agricultores para que mejoren su productividad, sostenibilidad y rentabilidad, de modo que puedan aprovechar las oportunidades comerciales emergentes y contribuir a la transformación del sector agrícola. Los 10 años de labor del FIDA en el marco del Programa de Fomento de la Producción Agrícola Sostenible dieron lugar al desarrollo de 10 tecnologías de mejora de la productividad en relación con varios productos básicos, el establecimiento de un ecosistema de productores listos para ingresar al mercado y el fortalecimiento de los vínculos entre los productores, la investigación y la extensión.
10. A pesar de la firme aspiración nacional de comercializar el sector agrícola, el contexto se caracteriza por una pobreza generalizada, inseguridad alimentaria, baja producción agrícola y escasa diversificación. Este contexto requiere una estrategia que contemple dos aspectos, a saber: mejorar el acceso al mercado para los hogares que están listos para ingresar a este, y, al mismo tiempo, continuar estabilizando la producción de alimentos para los hogares más pobres que enfrentan inseguridad alimentaria.
11. Por lo tanto, la fase II del Programa de Fomento de la Producción Agrícola Sostenible tiene por finalidad fortalecer los activos productivos creados en el marco del programa (tecnologías agrícolas, fortalecimiento de las capacidades de los productores, formación de grupos), y ofrecer intervenciones diferenciadas (estabilización de la seguridad alimentaria para los hogares más pobres y afectados por una mayor inseguridad alimentaria) al tiempo que se mejora el acceso al mercado entre los beneficiarios que presentan potencial comercial. La fase II tendrá una incidencia notable en el empoderamiento de las mujeres, la resiliencia al clima y la alimentación y la nutrición de los hogares, mejorando al mismo tiempo los ecosistemas naturales de los pequeños productores de las zonas rurales.

B. Enseñanzas extraídas

12. En la formulación del Programa de Fomento de la Producción Agrícola Sostenible se utilizaron valiosas enseñanzas derivadas de la evaluación de la estrategia y el programa en el país (EEPP) relativa a los proyectos financiados por el FIDA en Malawi (2011-2021), realizada por la Oficina de Evaluación Independiente del FIDA (IOE) en 2022, la evaluación del impacto del programa en cuestión efectuada por la División de Investigación y Evaluación del Impacto (RIA), las evaluaciones de los proyectos y los informes de las misiones. Esas enseñanzas se mencionan a continuación.
13. Las tecnologías agrícolas climáticamente inteligentes, centradas en la resiliencia de los sistemas agrícolas, la intensificación y la diversificación, son fundamentales para mitigar el riesgo y la vulnerabilidad climáticos y para favorecer la seguridad alimentaria de los hogares. La fase II del programa integrará la sensibilidad climática y ampliará el mecanismo de transferencia de ganado como intervención complementaria para el fomento de la resiliencia.

14. La comercialización de los productos alimentarios básicos a menudo conduce a que los productores se dediquen a los cultivos comerciales en detrimento del consumo. La fase II del programa integrará la nutrición como consideración clave en la selección de las cadenas de valor y en la financiación a través de donaciones de contrapartida.
15. En el marco del programa, los pequeños productores no siempre encontraron un mercado suficiente para sus productos, en parte por la debilidad de los vínculos con los mercados y la escasa capacidad de compra del sector privado. La fase II se centrará en crear grupos de productores y promover la producción comercial, fomentando al mismo tiempo los vínculos con los mercados a través de las donaciones de contrapartida.
16. El programa enfrentó retrasos en la puesta en marcha a causa de la integración total de las actividades en las estructuras del Gobierno sin una unidad de coordinación especial encargada de la ejecución. Por lo tanto, en la fase II se garantizará el establecimiento de una unidad de coordinación especial y la ejecución del programa a través de las estructuras de distrito y subdistrito.
17. El programa contribuyó al empoderamiento económico de las mujeres, sobre todo mediante el enfoque basado en los hogares, que ayudó a reducir la carga de trabajo y la violencia de género. La fase II ampliará la escala de estas intervenciones, integrando el Sistema de Aprendizaje Activo de Género al enfoque basado en los hogares.

II. Descripción del programa

A. Objetivos, zona geográfica de intervención y grupos objetivo

18. El **objetivo general del programa** es contribuir a la creación de riqueza, y mejorar la seguridad alimentaria y nutricional de la población rural de Malawi. El objetivo de desarrollo del programa es comercializar la producción agrícola y mejorar la resiliencia¹ y la productividad de los sistemas agrícolas en pequeña escala que llevan adelante los hombres, las mujeres y la gente joven de las zonas rurales en los distritos seleccionados de Malawi para 2030.
19. La fase II del programa se ejecutará en la zona rural de Lilongwe y en Balaka, que formaban parte de los distritos objetivo de la fase I del programa, y también en Mzimba y Dowa. Se prevé que esta fase beneficie a unos 80 000 hogares de pequeños productores. El mecanismo de transferencia de ganado beneficiará a 89 448 hogares adicionales que sufren inseguridad alimentaria, favoreciendo su seguridad alimentaria y su resiliencia. Los grupos objetivo de la fase II son: i) los hogares rurales que sufren inseguridad alimentaria; ii) los hogares que enfrentan una inseguridad alimentaria moderada, y iii) los hogares de pequeños productores que tienen potencial comercial, así como las pequeñas y medianas empresas económicamente activas.

B. Componentes, efectos directos y actividades

20. El programa tendrá los siguientes componentes: i) aumento de la productividad y la resiliencia al clima de los pequeños productores; ii) promoción de la comercialización de los sistemas agrícolas en pequeña escala, y iii) fortalecimiento de la capacidad institucional y los sistemas de gestión de los conocimientos.
21. **Componente 1: Aumento de la productividad y la resiliencia al clima de los pequeños productores.** Este componente se centrará en la mejora de un sistema de producción dedicado a los alimentos y orientado al mercado, protegiendo la base de recursos naturales productivos y las inversiones en medidas de defensa contra el cambio climático. Las intervenciones incluirán la ampliación de escala de buenas

¹ Un tema transversal para todo el programa será la necesidad de promover la resiliencia al clima y la reducción del riesgo de desastre, habida cuenta del contexto del país.

prácticas agrícolas, la investigación adaptativa para reforzar la resiliencia al clima y hacer frente a los desafíos que presenta el acceso a los mercados, sistemas de extensión pluralistas —por ejemplo, por vía electrónica— para contribuir a la capacidad de utilizar sistemas de producción climáticamente inteligentes que tengan en cuenta la nutrición y la aplicación de enfoques de carácter transformador en materia de género. Los hogares que sufren inseguridad alimentaria recibirán apoyo para la producción doméstica integrada y un mecanismo de transferencia de ganado, al tiempo que la educación en materia de nutrición se incorporará a todos los mecanismos de ejecución del programa, entre ellos, los enfoques basados en los hogares, las organizaciones de productores y las escuelas de campo para agricultores. El mecanismo de transferencia de ganado solo se aplicará en los distritos beneficiarios del Programa de Fomento de la Producción Agrícola Sostenible original.

22. **Componente 2: Promoción de la comercialización de los sistemas agrícolas en pequeña escala.** Para que puedan integrarse plenamente al sistema comercial e interactuar con otros actores de las cadenas de valor, se ayudará a los productores a ajustarse al mercado, por ejemplo, fortaleciendo las organizaciones que integran, mejorando el acceso de los grupos a las tecnologías y los enfoques relativos a la producción, la adición de valor y la elaboración. La Oficina de Normalización de Malawi colaborará como asociado fundamental en los aspectos de normas de inocuidad, manejo, envasado y etiquetado de alimentos. Se vinculará a los productores por medio de plataformas de múltiples partes interesadas para mejorar la coordinación de las cadenas de valor. Se establecerá y utilizará un Fondo para Desafíos Agrícolas (FCF) para ayudar a los grupos de productores y otros actores de las cadenas de valor a llevar adelante emprendimientos de producción y posproducción basados en planes de negocio. Aparte de este fondo, la fase II del programa también trabajará en la vinculación de los productores con los proveedores de servicios financieros en favor de la sostenibilidad.
23. **Componente 3: Fortalecimiento de la capacidad institucional y los sistemas de gestión de los conocimientos.** La fase II del programa impulsará actividades de creación de capacidad para facilitar la ejecución eficaz en los ámbitos nacional, de distrito y comunitario. Prestará apoyo a las estrategias pertinentes, por ejemplo, la mecanización de las pequeñas explotaciones y la agricultura por contrato. En la gestión del riesgo de desastre en particular, las actividades se centrarán en la creación de capacidad para la respuesta al sistema de alerta temprana y la gestión del riesgo de desastre, mediante la mejora de la coordinación y la evaluación del riesgo climático.
24. **El componente de respuesta ante las emergencias y los desastres** permitirá que el programa proteja los objetivos de desarrollo de la fase II del programa y garantice una respuesta oportuna en caso de desastres y otras situaciones de emergencia y crisis aplicables.

C. Teoría del cambio

25. La finalidad de la fase II del programa es prestar apoyo a los pequeños productores para mejorar la productividad y el acceso a los mercados, contribuyendo así a generar mayores ingresos sostenibles, resiliencia a las perturbaciones vinculadas al clima, y seguridad alimentaria y nutricional. Teniendo en cuenta que la transformación agrícola de Malawi se encuentra en una etapa incipiente, la fase II del programa adoptará una estrategia diferenciada mediante una gama de intervenciones para abordar los distintos desafíos que enfrentan las comunidades rurales de los distritos seleccionados. En lo que respecta a los hogares más pobres, la fase II se centrará en estabilizar la producción, garantizando el apoyo continuado para lograr la seguridad alimentaria y nutricional y la resiliencia, principalmente por medio del componente 1. En cuanto a los productores que están listos para ingresar al mercado, se centrará en orientar esos grupos hacia la producción comercial y la participación en las cadenas de valor.

26. Esta fase del programa procurará que los pequeños productores no se limiten a la producción de subsistencia y logren las condiciones adecuadas para interactuar con los mercados y alcanzar la seguridad alimentaria y nutricional. Para ello, apoyará a estos productores y los grupos que integran de modo que puedan llevar adelante una producción orientada al mercado mediante, entre otras cosas, la atención de las limitaciones vinculadas a la producción y la productividad, el acceso a semillas de calidad, genética animal e insumos, sistemas de extensión pluralistas que incluyan la extensión por vía electrónica, y servicios de desarrollo empresarial. La fase II del programa se funda en el supuesto de que la integración de los pequeños productores al mercado dará lugar a acuerdos comerciales favorables para todas las partes, lo que permitirá el aumento sostenible de los ingresos, la creación de empleo y de oportunidades de subsistencia diversificadas y la oferta de alimentos con valor nutricional a disposición de la población a través del mercado.
27. Las mujeres, la gente joven y los grupos vulnerables —entre ellos, las personas con discapacidad— recibirán un apoyo específico para promover sistemas de producción eficientes, mejorar la participación y el empoderamiento, a través de enfoques basados en los hogares y una marcada atención al mecanismo de transferencia de ganado. A fin de facilitar el acceso de los grupos de productores a la financiación, el programa posibilitará la financiación mediante donaciones a través del FCF y las asociaciones con instituciones financieras tradicionales.

D. Armonización, sentido de apropiación y asociaciones

28. La fase II del programa es coherente con: i) las estrategias nacionales del Gobierno de Malawi, y ii) los ODS 1, 2, 5, 8, 10, 12, 13 y 15, y los principales puntos del Marco de Cooperación de las Naciones Unidas para el Desarrollo Sostenible (2024-2028). Asimismo, se ajusta a las metas establecidas en el documento “Malawi 2063”, que apunta a convertir a Malawi en un país de ingreso mediano alto rico, autosuficiente, inclusivo e industrializado para 2063. Las principales asociaciones son: i) las establecidas con proveedores de servicios privados para la facilitación de la comercialización; ii) las sinergias con la cartera de inversiones del FIDA en curso, a saber: el Programa de Acceso a Servicios Financieros para Empresas Rurales y Pequeños Agricultores, el Programa de Transformación de la Agricultura mediante la Diversificación y la Capacidad Empresarial, y el Programa de Fomento del Riego en las Zonas Rurales; iii) el Banco Mundial en el marco del Proyecto de Comercialización Agrícola del Gobierno de Malawi (AGCOM II); iv) la Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO), y v) el Programa Mundial de Alimentos (PMA). Se prevé que la Oficina de Normalización de Malawi será un asociado fundamental en el apoyo a la adición de valor y el impulso de las intervenciones no agrícolas.

E. Costos, beneficios y financiación

29. El déficit de financiación de USD 15,6 millones podrá cubrirse con recursos de los próximos ciclos del Sistema de Asignación de Recursos basado en los Resultados o mediante la cofinanciación obtenida durante la ejecución.
30. Los componentes 1, 2 y 3 del programa se contabilizan, en parte, como financiación para el clima. De conformidad con las metodologías que emplean los bancos multilaterales de desarrollo en el seguimiento de la financiación para la adaptación al cambio climático y la mitigación de sus efectos, se calcula que el monto total de la financiación para el clima concedida por el FIDA a este programa asciende a USD 7,43 millones.

Costos del programa

31. Los costos totales del programa ascienden a unos USD 53,34 millones, incluidos los imprevistos. La información detallada se resume en los cuadros que figuran a continuación.

Cuadro 1
Costos del programa desglosados por componente, subcomponente y entidad financiadora
(en miles de dólares de los Estados Unidos)

Componente/subcomponente	Donación del FIDA con arreglo al MSD		Unión Europea		Mecanismo de transferencia		Beneficiarios		Gobierno		Déficit de financiación		Total	
	Monto	Porcentaje	Monto	Porcentaje	En especie	Porcentaje	En especie	Porcentaje	En especie	Porcentaje	Monto	Porcentaje	Monto	Porcentaje
1. Aumento de la productividad y la resiliencia al clima de los pequeños productores														
Análisis de mercados y cadenas de valor inclusivas	346	84							68	17			415	1
Impulsar la capacidad relacionada con los sistemas de producción climáticamente inteligentes que tengan en cuenta la nutrición	3 754	38	1 966	20	3 041	31			1 130	11			9 892	19
Gestión sostenible de los recursos productivos (suelo, tierra y agua)	965	26	634	17					610	17	1 490	40	3 699	7
Subtotal	5 065	36	2 600	19	3 041	22			1 809	13	1 490	11	14 005	26
2. Promoción de la comercialización de los sistemas agrícolas en pequeña escala														
Fortalecer las organizaciones de agricultores	1 965	70							842	30			2 807	5
Promover los vínculos con los mercados a partir de las oportunidades para estimular el valor	2 790	70							1 196	30			3 985	8
Fondo para Desafíos Agrícolas	1 016	4					6 000	25	3 358	14	14 122	58	24 458	46
Subtotal	5 770	19					6 000	19	5 358	17	14 122	45	31 250	59
3. Fortalecimiento de la capacidad institucional y los sistemas de gestión de los conocimientos														
Refuerzo de la capacidad del personal y de las instituciones asociadas para la coordinación, la comunicación, la gestión de los conocimientos y el seguimiento y la evaluación (SyE) del Programa de Fomento de la Producción Agrícola Sostenible - Fase II y de los Procedimientos del FIDA para la Evaluación Social, Ambiental y Climática (PESAC).	2 256	84							446	17			2 702	5
Fortalecimiento institucional de las estructuras gubernamentales para una mejor gestión del riesgo de desastres	1 084	84							214	17			1 298	2
Subtotal	3 340	84							660	17			4 000	8
4. Administración del programa	3 907	96							173	4			4 080	8
5. Respuesta ante emergencias y desastres	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	18 083	34	2 600	5	3 041	6	6 000	11	8 000	15	15 611	29	53 336	100

Cuadro 2

Costos del programa desglosados por categoría de gasto y entidad financiadora

(en miles de dólares de los Estados Unidos)

<i>Categoría de gasto</i>	<i>Donación del FIDA con arreglo al MSD</i>		<i>Unión Europea</i>		<i>Mecanismo de transferencia</i>		<i>Beneficiarios</i>		<i>Gobierno</i>		<i>Déficit de financiación</i>		<i>Total</i>	
	<i>Monto</i>	<i>Porcentaje</i>	<i>Monto</i>	<i>Porcentaje</i>	<i>En especie</i>	<i>Porcentaje</i>	<i>En especie</i>	<i>Porcentaje</i>	<i>En especie</i>	<i>Porcentaje</i>	<i>Monto</i>	<i>Porcentaje</i>	<i>Monto</i>	<i>Porcentaje</i>
Costos de inversión														
A. Obras públicas	361	73	-	-	-	-	-	-	134	27	-	-	495	1
B. Consultorías	3 909	74	-	-	-	-	-	-	1 237	24	110	2	5 256	10
C. Equipo y materiales	531	25	9	0,1	-	-	-	-	348	17	1 223	58	2 111	4
D. Bienes, servicios e insumos	3 471	62	1 187	21	-	-	-	-	920	17	-	-	5 578	11
E. Capacitación y talleres	5 712	61	1 404	15	-	-	-	-	2 040	22	157	2	9 314	18
F. Donaciones y subsidios	1 016	4	-	-	3 041	11	6 000	22	3 321	12	14 122	51	27 499	52
Costos totales de inversión	15 000	30	2 600	5	3 041	6	6 000	12	8 000	16	15 611	31	50 253	94
Gastos recurrentes														
A. Sueldos y prestaciones	2 688	100	-	-	-	-	-	-	-	-	-	-	2 688	5
B. Costos operativos	394	100	-	-	-	-	-	-	-	-	-	-	394	1
Gastos recurrentes totales	3 083	100	-	-	-	-	-	-	-	-	-	-	3 083	6
Total	18 083	34	2 600	5	3 041	6	6 000	11	8 000	15	15 611	29	53 336	100

Cuadro 3
Costos del programa desglosados por componente, subcomponente y año del programa
 (en miles de dólares de los Estados Unidos)

Componente [/subcomponente]	Primer año		Segundo año		Tercer año		Cuarto año		Quinto año		Sexto año		Séptimo año		Total
	Monto	Porcentaje	Monto	Porcentaje	Monto	Porcentaje	Monto	Porcentaje	Monto	Porcentaje	Monto	Porcentaje	Monto	Porcentaje	Monto
1. Aumento de la productividad y la resiliencia al clima de los pequeños productores															
Análisis de mercados y cadenas de valor inclusivas	163		16		17		73		130		17		-		415
Impulsar la capacidad relacionada con los sistemas de producción climáticamente inteligentes que tengan en cuenta la nutrición	319		1 622		2 209		2 658		2 332		687		65		9 892
Gestión sostenible de los recursos productivos (suelo, tierra y agua)	989		2 116		430		81		82		-		-		3 699
Subtotal	1 470		3 754		2 656		2 812		2 544		704		65		14 005
2. Promoción de la comercialización de los sistemas agrícolas en pequeña escala															
Fortalecer las organizaciones de agricultores	723		411		442		386		417		292		136		2 807
Promover los vínculos con los mercados a partir de las oportunidades para estimular el valor	471		585		646		628		634		640		381		3 985
Fondo para Desafíos Agrícolas	-		2 536		4 096		6 512		6 574		4 740		-		24 458
Subtotal	1 194		3 532		5 183		7 526		7 625		5 672		517		31 250
3. Fortalecimiento de la capacidad institucional y los sistemas de gestión de los conocimientos															
Refuerzo de la capacidad del personal y de las instituciones asociadas para la coordinación, la comunicación, la gestión de los conocimientos y el seguimiento y la evaluación (SyE) del Programa de Fomento de la Producción Agrícola Sostenible - Fase II y de los PESAC.	609		275		233		363		558		336		328		2 702
Fortalecimiento institucional de las estructuras gubernamentales para una mejor gestión del riesgo de desastres	326		323		133		268		135		114		-		1 298
Subtotal	935		598		366		631		693		450		328		4 000
4. Administración del programa	1 098		485		490		495		499		504		509		4 080
5. Respuesta ante emergencias y desastres	-		-		-		-		-		-		-		-
Total	4 697		8 368		8 694		11 464		11 362		7 331		1 419		53 336

Estrategia y plan de financiación y cofinanciación

32. Al finalizar la etapa de diseño, el Gobierno de Malawi expresó conformidad para que el FIDA obtuviera una cofinanciación del Fondo de Adaptación por valor de USD 10 millones, con objeto de cubrir parte del déficit de financiación de la fase II del Programa de Fomento de la Producción Agrícola Sostenible (USD 15,6 millones). Además, el FIDA se encuentra en conversaciones con la Unión Europea en procura de financiación adicional para esta fase del programa. El déficit de financiación está vinculado al FCF en el marco del componente 2, lo que no comprometerá la ejecución. Las intervenciones del programa pueden ampliarse a medida que vayan recibiendo los fondos.

Desembolsos

33. Los procedimientos de desembolso de la fase II del programa se basarán en los informes financieros provisionales y la presentación de las solicitudes de retiro de fondos en el ICP. El Ministerio de Agricultura abrirá una cuenta aparte designada en dólares de los Estados Unidos en el Banco de la Reserva de Malawi para el FIDA y para cada entidad financiadora a fin de evitar que los fondos se mezclen. La fase II abrirá una cuenta para las operaciones en kwachas malauíes (MWK) para cada instrumento en un banco comercial de buena reputación que el FIDA considere aceptable. Los fondos del FIDA y de otras entidades financiadoras pasarán directamente de sus cuentas a las respectivas cuentas designadas para la fase II del programa en las solicitudes trimestrales de fondos rotatorios. El FCF utilizará el método de desembolso de anticipos del FIDA entre el grupo de productores y la unidad de gestión del programa (UGP), donde inicialmente se desembolsarán los anticipos autorizados en función del presupuesto y luego se repondrán de forma constante y continua hasta que se haya utilizado por lo menos el 60 %. El desembolso del FCF estará sujeto a verificaciones frecuentes durante las misiones del FIDA, así como a auditorías internas y auditorías externas anuales. La UGP también deberá tener una cuenta aparte en moneda local para recibir los desembolsos de efectivo del Gobierno.

Resumen de los beneficios y análisis económico

34. Se estima que los costos totales de la fase II del Programa de Fomento de la Producción Agrícola Sostenible ascienden a USD 53,34 millones y el número de hogares beneficiarios a 169 448. Todos los modelos presentan una viabilidad financiera positiva en términos de medición utilizando la relación costo-beneficio, la tasa interna de rendimiento económico y el valor actual neto descontado por 10 años usando una tasa del 3,6 %. Se prevé que la fase II tenga una tasa de rendimiento económico base del 23 %, con un valor actual neto positivo de USD 11,9 millones (MWK 12 300 millones). Esa tasa interna de rendimiento económico base del 23 % supera la tasa de descuento utilizada para el análisis económico, lo cual confirma la justificación de la inversión propuesta. Los resultados del análisis de sensibilidad indican que el programa mantiene la viabilidad económica con los distintos supuestos considerados.

Estrategia de salida y sostenibilidad

35. La sostenibilidad se mide en función de consideraciones sobre aspectos institucionales, financieros, ambientales y vinculados a los sistemas agrícolas. El fomento de la capacidad institucional, la capacitación y el apoyo a las instituciones y los departamentos del Gobierno, en los ámbitos nacional y subnacional, impulsará la capacidad de los ministerios competentes para alcanzar los objetivos relativos a la comercialización agrícola. La promoción de buenas prácticas agrícolas, la protección ambiental y el apoyo para la base de recursos naturales productivos garantizarán la sostenibilidad de los recursos naturales y los ecosistemas como soporte fundamental para los productores.

36. La comercialización y el firme énfasis en la participación del sector privado contribuirán al acceso sostenible a los insumos, las tecnologías de producción y productividad y los servicios de apoyo para las actividades de extensión impulsados por el sector privado, creando así un entorno propicio para la transformación del sector agrícola y la evolución de la producción de subsistencia a la producción comercial. La participación de las instituciones financieras en la gestión del FCF reforzará la financiación sostenible mediante la financiación mixta y los incentivos a los bancos para estimular la financiación adicional destinada al sector agrícola.

III. Gestión de riesgos

A. Riesgos y medidas de mitigación

37. Los riesgos inherentes y residuales generales se califican como **moderados**. Los principales riesgos y las correspondientes medidas de mitigación se presentan en la matriz integrada de riesgos del programa.

Cuadro 4
Calificación general de los riesgos

<i>Tipo de riesgo</i>	<i>Calificación del riesgo inherente</i>	<i>Calificación del riesgo residual</i>
Contexto nacional	Considerable	Moderado
Estrategias y políticas sectoriales	Considerable	Moderado
Medio ambiente y clima	Considerable	Considerable
Alcance del programa	Bajo	Bajo
Capacidad institucional de ejecución y sostenibilidad	Moderado	Bajo
Gestión financiera	Considerable	Considerable
Adquisiciones y contrataciones en el marco del programa	Moderado	Moderado
Impacto ambiental, social y climático	Moderado	Bajo
Partes interesadas	Moderado	Bajo
General	Moderado	Moderado

B. Categoría ambiental y social

38. La categoría ambiental y social preliminar se califica como **moderada**. La mayor parte de los efectos previstos se mitigará mediante la aplicación de planes de prevención y mitigación. El análisis de riesgo climático pormenorizado determinó que el cambio climático tiene importantes efectos en el país. Por lo tanto, se elaboró un plan de gestión ambiental, social y climática que se utilizará como plan de seguimiento para evitar los efectos ambientales negativos. La matriz del plan se incluirá en el manual de ejecución.

C. Clasificación del riesgo climático

39. La categoría de riesgo climático es **considerable**. Los siguientes son los principales temas y medidas que se adoptaron para evaluar el riesgo climático. En una evaluación específica de la adaptación se establecen las medidas en esta materia para su aplicación durante todo el período del programa. Se recurrirá a los Centros para el Aprendizaje en Evaluación y Resultados para evaluar los lugares con mayores amenazas climáticas y determinar las medidas adaptativas adecuadas que deberían incorporarse a las intervenciones del programa. Asimismo, las hipótesis sobre el clima permiten prever cambios en la temperatura, la variabilidad, y la intensidad y frecuencia de los fenómenos extremos.

D. Sostenibilidad de la deuda

40. Sobre la base del último análisis de sostenibilidad de la deuda del Fondo Monetario Internacional (julio de 2023), la deuda externa y la deuda pública total de Malawi constituyen un problema de sobreendeudamiento, situación que representa un deterioro en comparación con el análisis de la sostenibilidad de la deuda de diciembre de 2021. Malawi cumple con los requisitos para recibir donaciones del FIDA con arreglo al Marco de Sostenibilidad de la Deuda.

IV. Ejecución

A. Marco organizativo

Gestión y coordinación del programa

41. El Ministerio de Finanzas y Asuntos Económicos representará oficialmente al Gobierno de Malawi en las cuestiones vinculadas a la fase II del Programa de Fomento de la Producción Agrícola Sostenible como receptor de la donación del FIDA, mientras que el Ministerio de Agricultura será el principal organismo de ejecución, y se encargará de la orientación estratégica en materia de políticas y de la supervisión. El Principal Secretario del Ministerio de Agricultura presidirá el comité directivo del programa. Por otro lado, el comité técnico del programa —presidido por el Director de Servicios de Planificación Agrícola— prestará apoyo técnico tanto al comité directivo como a la UGP. El comité técnico tendrá la misma composición que el comité directivo e incluirá a otros directores técnicos del Ministerio de Agricultura, entre ellos, el Jefe del Plan Nacional de Inversión Agrícola. La ejecución del programa en el día a día será responsabilidad de una UGP independiente bajo la égida del Ministerio de Agricultura. La gestión del FCF estará a cargo de un administrador competente, una institución financiera contratada mediante un proceso competitivo que llevará adelante la supervisión directa de la ejecución del FCF.

Gestión financiera, adquisiciones y contrataciones y gobernanza

42. **Gestión financiera.** La gestión financiera de la fase II del Programa de Fomento de la Producción Agrícola Sostenible estará a cargo de un equipo financiero especial dentro de la UGP, que será dirigido por el contador del programa con la ayuda de un contador asistente y de asistentes de cuentas/administrativos. Cada distrito participante también tendrá personal financiero especial para garantizar la supervisión y el control eficientes y eficaces de la gestión financiera en el ámbito de los distritos. Los procedimientos de desembolso de la fase II se basarán en los informes financieros provisionales y la presentación de las solicitudes de retiro de fondos en el ICP. Los informes financieros provisionales se presentarán cada trimestre dentro de los 45 días posteriores al final de cada período.
43. La presupuestación del programa será tarea de la UGP de la fase II, con arreglo a los procedimientos del FIDA y las leyes y políticas financieras del Gobierno. El plan operacional anual y presupuesto conexo se preparará con información detallada suficiente e indicando las entidades financiadoras y la parte de la financiación destinada a cada actividad. Será aprobado por el comité directivo del programa y recibirá la conformidad del FIDA antes de su ejecución. Debido a los elevados riesgos vinculados al proceso de solicitud de reembolso del IVA, la fase II del programa incluyó este impuesto en los costos de diseño del FIDA, considerándolo un gasto admisible durante todo el período del programa. La fase II se migrará al software contable TROMPO (versión web), que constituye una mejora en relación con la fase I y se configurará de modo que pueda producir todos los estados financieros exigidos por el FIDA. En el convenio de financiación se preverá un anticipo para la puesta en marcha que permita sufragar la compra del software y otros costos necesarios para preparar la ejecución. En la fase II se seguirá utilizando el servicio del Departamento de Auditoría Interna del Ministerio de Agricultura. Las auditorías externas las llevará a cabo el Auditor General, con un mandato aprobado por el FIDA. Se prevé que las entidades encargadas de la ejecución se ciñan a las directrices del FIDA contra la corrupción establecidas en la política y los procedimientos de este.

44. **La adquisición de bienes y la contratación de obras y servicios** se realizará de conformidad con la Ley de Adquisiciones y Contrataciones Públicas y Enajenación de Activos Públicos de 2016 y las Normas sobre Adquisiciones y Contrataciones Públicas de 2020 de Malawi, entendiendo que el marco jurídico nacional debería coincidir con los requisitos del FIDA según se indique en el convenio de financiación y la carta sobre las disposiciones relativas a las adquisiciones y contrataciones. El programa formulará un plan de adquisiciones y contrataciones para los primeros 18 meses, como mínimo, que será seguido por planes para los subsiguientes períodos de 12 meses. La adquisición de bienes y la contratación de obras y servicios estarán sujetas al examen previo o posterior del FIDA para garantizar que los procesos correspondientes se lleven a cabo de conformidad con las Directrices del FIDA para la adquisición de bienes y la contratación de obras y servicios y el convenio de financiación.

Participación y observaciones del grupo objetivo y resolución de reclamaciones

45. La fase II del Programa de Fomento de la Producción Agrícola Sostenible llevará adelante la movilización de las comunidades mediante la aplicación de enfoques participativos y de empoderamiento, con objeto de fomentar el sentido de apropiación y la sostenibilidad de las iniciativas. Se llevarán a cabo sesiones de orientación para las comunidades a través de reuniones en el ámbito de los distritos, las circunscripciones y las aldeas, coordinadas por los comités de desarrollo de las aldeas y en consulta con las autoridades tradicionales. Los beneficiarios objetivo se organizarán en escuelas de campo para agricultores y organizaciones de productores, se les informará sobre la selección de cadenas de valor y las oportunidades conexas, y se posibilitará su acceso a servicios de extensión y otras formas de apoyo para el fomento de la capacidad, su participación en las actividades del programa, la modificación de las relaciones de género y la mejora del nivel nutricional y de bienestar de sus hogares.

Resolución de reclamaciones

46. El mecanismo de resolución de reclamaciones consistirá en tres sistemas paralelos, a saber: i) un sistema comunitario o tradicional; ii) un sistema formal, y iii) el sistema de resolución de reclamaciones del FIDA. La UGP brindará información sobre el mecanismo disponible, además de transmitir su postura de tolerancia cero frente a la violencia de género, el acoso sexual y la explotación y los abusos sexuales, así como sus políticas sobre el fraude y la corrupción. La información se pondrá a disposición a través de todos los acuerdos contractuales relativos a la fase II del programa y otros documentos de este, tales como folletos y modelos de convocatorias de propuestas.

B. Planificación, seguimiento y evaluación, aprendizaje, gestión de los conocimientos y comunicación

47. La planificación se integrará a los procesos del Gobierno y se basará en los planes operacionales anuales y presupuestos conexos por medio de enfoques participativos desde el ámbito nacional hasta los ámbitos descentralizados. El plan operacional anual y presupuesto conexo consolidado de la UGP se remitirá al FIDA para examen y declaración de conformidad al menos 60 días antes del inicio del año del programa. El sistema de seguimiento y evaluación (SyE) se regirá por el plan nacional de SyE. El sistema de SyE de la fase II del programa permitirá la recopilación de datos desglosados por género y edad. Todos los indicadores básicos se medirán al inicio, a mitad de período y al finalizar el programa. Los enfoques utilizados en la recopilación de datos combinarán métodos de encuesta cualitativos y cuantitativos.

Innovación y ampliación de la escala

48. En el marco de la fase II del programa se promoverán varias innovaciones, a saber: i) la producción y distribución de fertilizante orgánico facilitadas por el Programa de Inversiones a favor de la Resiliencia de los Medios de Vida y la Salud de los Suelos en

los Países de África, el Caribe y el Pacífico, financiado por la Unión Europea²;
 ii) sistemas de extensión digitalizados e impulsados por el sector privado;
 iii) producción centrada en el mercado dentro del contexto de un sistema agrícola de subsistencia; iv) microseguros innovadores, en asociación con el Programa de Acceso a Servicios Financieros para Empresas Rurales y Pequeños Agricultores, y v) la participación del sector privado —por ejemplo, Hello Tractor— para poner a prueba tecnologías mecanizadas centradas en los pequeños productores, y arrendamiento de activos para estimular la producción y la productividad agrícola.

C. Planes para la ejecución

Preparación para la ejecución y planes para la puesta en marcha

49. Como parte del proceso de diseño se preparó un completo borrador del manual de ejecución del programa, así como un borrador del plan operacional anual y presupuesto conexo y del plan de adquisiciones y contrataciones para los primeros 18 meses de ejecución del programa. Estos documentos tienen por finalidad contribuir a que la ejecución comience en fecha sin retrasos innecesarios durante el primer año. Además, se ha elaborado un plan de puesta en marcha.

Supervisión, examen de mitad de período y planes de finalización

50. El FIDA y el Gobierno organizarán de forma conjunta **misiones de supervisión y apoyo a la ejecución** con una frecuencia anual para considerar los avances y prestar asistencia a los asociados en la ejecución y a la UGP a fin de mejorar la ejecución del programa. Las misiones de supervisión permitirán evaluar el desempeño físico y financiero, detectar desafíos para la ejecución y proponer medidas para hacerles frente, de conformidad con todos los requisitos fiduciarios del convenio de financiación. A mitad de período se considerará una medida correctiva más amplia para lograr los efectos directos y el impacto previstos, así como la idoneidad y sostenibilidad del FCF. Al final del período de ejecución se llevará a cabo un examen final con objeto de presentar la información sobre los efectos directos y el impacto logrados.

V. Instrumentos jurídicos y facultades

51. Un convenio de financiación entre la República de Malawi y el FIDA constituye el instrumento jurídico para la concesión de la financiación propuesta al receptor. Se adjunta como apéndice I una copia del convenio de financiación negociado.
52. La República de Malawi está facultada por su legislación para recibir financiación del FIDA.
53. Me consta que la financiación propuesta se ajusta a lo dispuesto en el Convenio Constitutivo del FIDA y en sus Políticas y Criterios en materia de Financiación.

VI. Recomendación

54. Recomiendo a la Junta Ejecutiva que apruebe la financiación propuesta con arreglo a lo dispuesto en la siguiente resolución:

RESUELVE: que el Fondo conceda una donación con arreglo al Marco de Sostenibilidad de la Deuda a la República de Malawi, por un monto de dieciocho millones cincuenta mil dólares de los Estados Unidos (USD 18 050 000), conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este informe.

Álvaro Lario
 Presidente

² Investing in Livelihood Resilience and Soil Health in ACP countries programme (ILSA).

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 resilience³ 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 2030³.
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 likely emergencies in Malawi are weather-related i.e. extreme weather events such as Cyclones and El Nino.

³ 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.

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	Percentage
	(expressed in USD)	
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 customize 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 respected⁴;
 - (f) The Programme will not involve encroachment on traditional territories used or occupied by indigenous communities.

⁴ 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 Provisions⁵

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 (ESCMs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMs 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 ESCMs 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 ESCMs 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, ESCMs 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)

⁵ New SECA provisions for all projects that pass concept review after 1 September 2021.

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 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.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project /1				Project reports	Annually	PMU	Activities start on expected timeline
	Total number of persons receiving services - Number		84724	169448				
	1.a Corresponding number of households reached							
	Women-headed households - Households		21689	43378				
	Non-women-headed households - Households		63035	120070				
	Households - Households		84724	169448				
	1.b Estimated corresponding total number of households members							
Household members - Number of people		423620	847240					
Project Goal To contribute towards wealth creation, and improve food and nutrition security among rural population of Malawi	Moderate/Chronic Food Insecurity				Reports from the IPC report, from HIS and DHS report	Every 3 years	PMU	Activities start on expected timeline
	% Individuals - Percentage (%)	33	30	25				
	Household wealth index							
% of rural population under the two lowest wealth quintiles - Percentage (%)	46	43	35					
Development Objective Commercialise and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030	Number of beneficiaries reporting increase in income by at least 25%				Baseline, mid & end-line surveys	Baseline, mid & end-line	PMU	Participating beneficiaries and implementing agencies fully engaged in activities. Sufficient Government buy-in and facilitative policy environment.
	Total - Number		7500	15000				
	Males - Number		3750	7500				
	Females - Number		3750	7500				
	Young - Number		2850	5700				
	Percentage increase of level of commercialisation							
	Percentage increase in volume of commodities marketed by the beneficiaries		10	25				
	IE.2.1 Individuals demonstrating an improvement in empowerment				Baseline, mid & end-line surveys/ COI Surveys			
	Total persons - Percentage (%)		24.38	48.75				
	Total persons - Number of people		19500	39000				
	Females - Percentage (%)		24.38	48.75				
	Females - Females		9750	19500				
	Males - Percentage (%)		24.38	48.75				
	Males - Males		9750	19500				
	1.2.8 Women reporting minimum dietary diversity (MDDW)							
	Women (%) - Percentage (%)		40	60				
	Women (number) - Females		12000	36000				
	Households (%) - Percentage (%)		40	60				
	Households (number) - Households		12000	36000				
	Household members - Number of people		60000	180000				
	Women-headed households - Households							
	SF.2.1 Households satisfied with project-supported services /2							
	Households (%) - Percentage (%)		40	80				
Households (number) - Households		32000	64000					
SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers /2								
Households (%) - Percentage (%)		40	80					
Households (number) - Households		32000	64000					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	Responsibility	
Outcome 1. Increased smallholder productivity and climate resilience	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices				COI surveys	Baseline, mid & end-line	PMU	- Beneficiaries willing to adopt climate smart agriculture and NRM practices - Ability of the project to respond to climate shocks with pro-active adaptive management - Sufficient Government buy-in and facilitative policy environment - Adequate labour and working conditions for women in the target value chains
	Households - Percentage (%)		24.38	48.75				
	Households - Households		19500	39000				
	1.2.4 Households reporting an increase in production							
	Total number of household members - Number		97000	195000				
	Households - Percentage (%)		24.38	48.75				
	Women-headed households - Households		4992	9984				
	Households - Households		19500	39000				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices /2							
	Households - Percentage (%)		24.38	48.75				
	Households - Households		19500	39000				
	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered				Baseline, mid & end-line	Baseline, mid & end-line	IFAD ECG	
	Hectares of land - Area (ha)		12220	36660				
tCO2e/20 years - Number		-127938	-383815					
tCO2e/ha - Number		-3.49	-10.47					
tCO2e/ha/year - Number		-0.17	-0.52					
Output 1.1. Inclusive value chain and market analysis conducted	Stakeholders and value chain actors mapped				Projects reports	Annually	PMU	
	Number of mapping exercises conducted - Number		4	8				
Output 1.2. Enhanced capacity for climate smart and nutrition-sensitive production	1.1.8 Households provided with targeted support to improve their nutrition				Project reports	Annually	PMU	
	Total persons participating - Number of people		40000	68000				
	Males - Males		16000	32000				
	Females - Females		24000	36000				
	Households - Households		32000	60000				
	Household members benefitted - Number of people		200000	300000				
	Young - Young people		12000	18000				
	Women-headed households - Households		10400	15600				
	Technologies developed and promoted							
	Number of new technologies developed - Number		5	15				
	Number of new technologies promoted - Number		10	10				
	1.1.3 Rural producers accessing production inputs and/or technological packages /1							
	Total rural producers - Number of people		19500	39000				
	1.1.4 Persons trained in production practices and/or technologies /1							
	Total persons trained in crop - Number of people		19500	39000				
	Total persons trained in livestock - Number of people		7800	15600				
	3.1.2 Persons provided with climate information services /1							
	Persons provided with climate information services - Number of people		29438	58876				
	People who benefited from the pass-on programme							
	Number of beneficiaries from the goat pass-on programme - Number		5364	10728				
	Number of goats passed-on - Number		26864	53728				
	Number of beneficiaries from the chicken pass-on programme - Number		39360	78720				
	Number of chicken passed-on - Number		393600	787200				
People trained on GALS								
Number of extension workers trained as ToT - Number		250	250					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	Responsibility	
	Number of local facilitators trained - Number		500	500				
	Percentage of women local facilitators trained - Percentage (%)		60	60				
	Number of households mentored - Number		7000	10000				
	Public-private extensions supported							
	Number of extensions officers trained and supported - Number		50	100				
Output 1.3. Sustainable management of productive resources (soil, land and water)	3.1.4 Land brought under climate-resilient practices				Project reports	Annually	PMU	
	Hectares of land - Area (ha)		2000	4000				
	Number of HH benefiting from sustainable soil and water conservation practices							
	Number of households - Number		5000	10125				
	Number of farming HH trained in micro-catchment and sustainable soil fertility management							
Outcome 2. Commercialisation of smallholder farming systems promoted	Number of beneficiaries who reported increase of sale (quantity of produce sold) by 25% /1				Baseline, mid & end-line surveys	Baseline, mid & end-line	PMU	- Farmers' groups propose business plans for post-harvest investments - Beneficiaries and agri-businesses are willing to participating in creation of mechanisms for interaction between different actors
	Total - Number		7500	15000				
	2.2.4 Supported rural producers' organizations providing new or improved services to their members /1							
	Number of POs - Organizations		375	750				
	Total number of POs members - Number of people		9376	18750				
Output 2.1. Strengthened farmer organizations	2.1.3 Rural producers' organizations supported /1				Project reports	Annually	PMU	- Adequate labour and working conditions for women in the target value chains
	Total size of POs - Organizations		9376	18750				
	Rural POs supported - Organizations		375	730				
	2.1.4 Supported rural producers that are members of a rural producers' organization /1							
	Total number of persons - Number of people		9376	18750				
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services /1							
	Persons in rural areas trained in FL and/or use of Prod and Services (total) - Number of people		9376	18750				
Output 2.2. Market linkages promoted based on opportunities to unlock value	Business plan development supported and implemented				Project reports	Annually	PMU	
	Number of market linkages partnership developed between farmer's groups s and market actors (buyers) - Number		25	50				
	Number of farmer's group who declared having taken credit from a rural finance institutions - Number		75	150				
	Number of beneficiaries trained on post-harvest handling /1							
	Total number of persons trained - Number		3750	7500				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							
	Total number of facilities - Facilities		126	250				
	Processing facilities constructed/rehabilitated - Facilities		63	125				
	Storage facilities constructed/rehabilitated - Facilities		63	125				
	Number of beneficiaries who reported having access to new post-harvest facilities /1							
	Total - Number		1875	3750				
Output 2.3. Farmer Challenge Fund (FCF) operationalized	2.1.2 Persons trained in income-generating activities or business management /1				Project reports	Annually	PMU	
	Persons trained in IGAs or BM (total) - Number		7500	15000				
	Number of business plan proposals approved for financing							
	Number of business plans approved - Number		375	750				
	Volume of funds (USD) - Money (USD' 000)		5000000	5000000				
Number of farmer groups/projects accessing FCF								

Results Hierarchy	Indicators			Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	
	Number of farmer groups/projects accessing FCF to promote Production		250	500			
	Number of farmer groups/projects accessing FCF to promote commercialisation - Number		125	250			
Outcome 3. Strengthened institutional capacity and knowledge management systems	Annual disbursement				Project reports	Annually	PMU
	Annual disbursement target met against the AWPB - Number		70	70			
Output 3.1. Capacity of staff, Communication, knowledge management and M&E	Trainings and capacity building of the PMU				Project reports	Annually	PMU
	Number of staff participating - Number		10	20			
	Males - Number		5	10			
	Females - Number		5	10			
	Success stories, best practices and lessons learnt documented and disseminated						
	Number of success stories shared - Number		10	20			
	Number of best practices documented - Number		2	10			
	Number of lessons learnt shared - Number		5	10			
Output 3.2. Institution building and policy engagement for resilient and market-oriented food systems	Government staff trained on disaster preparedness, mitigation and timely response				Project reports	Annually	PMU
	Number of government staff trained - Number		15	30			
	Policy engagement supported						
	Number of workshops organized for policy discussions - Number		2	10			
	Number of policy documents supported - Number		1	3			

/1 Indicators will be disaggregated by 50% Females, 50% Males and 30% Young

/2 Indicators will measure household members (in Malawi the average is 5 members per HH), and number of women-headed HHs (average 25.6% of total HHs)

Integrated programme risk matrix

Risk categories and subcategories	Inherent	Residual
Country context	Substantial	Moderate
Political commitment	Substantial	Moderate
Risk(s): The Government has sound policies in place for improving agricultural production and rural development aiming at improving production, productivity and diversification of crops and livestock. Although recent climate related hazards such as Cyclone Freddy have put a strain on the national budget and food security among smallholder farmers. The Government plans to continue promoting increased participation of smallholder farmers to engage in potential profitable agricultural value chains, including soya beans, groundnuts, sunflower, goats and dairy. That notwithstanding, the markets for these value chains are uncertain. Furthermore, the country will soon be moving into political campaigns although the presidential and parliamentary elections are 2 years away.		
Mitigations: The Government is committed to the timely implementation of SAPP II once its design is concluded. Although the financial envelope is beyond the available resources under IFAD 12 resources through climate funds, other potential funding from bilateral partners and possibly IFAD 13 allocation if confirmed.		
Governance	Substantial	Moderate
Risk(s): Under SAPP II, the Government has already in place a performing project management unit. However, new staff will be seconded/hired to SAPP II who will require orientation and may therefore slow down implementation. Furthermore, new governance structures, the Project Steering Committee and Project Technical Committee will be established unlike under SAPP. This may delay implementation due to time required for orientation and settling down.		
Mitigations: Government will build the capacity of the project management unit by seconding more staff from the Ministry of Agriculture to the project and strengthening the project's mobility for effective coordination and reaching out to target beneficiaries.		
Macroeconomic	Substantial	Substantial
Risk(s): External shocks and, in particular, the impacts of the war in Ukraine and two cyclones that have affected agricultural production, together with a balance-of-payments has resulted and is further expected to result in foreign exchange scarcity. The risk of exchange rate deterioration of the Malawi Kwacha and rising rate of inflation (double digits) is anticipated. The devastation of road infrastructure due to cyclone Freddy affecting SAPP II target districts in southern Malawi is also a risk that may affect reaching out to project beneficiaries. Malawi's public debt is currently assessed to be in distress, which is a risk factor as it risks crowding out private sector investment.		
Mitigations: Government will assess the effects of the risks and ensure implementation of climate smart infrastructure and agricultural production. Government will continue to focus on agricultural commercialization and placing emphasis on export driven agricultural value chains. Government will consider debt restructuring.		
Fragility and security	Substantial	Moderate

Risk categories and subcategories	Inherent	Residual
Risk(s): Climate change phenomena poses a risk to livelihoods of communities, considering that Malawi is prone to climate related shocks such as cyclones and dry spells. This is a risk that negatively affects crop production and productivity, and the livelihoods of communities in terms of food security.		
Mitigations: Government through the SAPP II has interventions climate resilience to lessen the impact of climate change related disasters.		
Sector strategies and policies	Substantial	Moderate
Policy alignment	Substantial	Moderate
Risk(s): The agricultural and rural development policies of GoM are generally well aligned with IFAD's COSOP (2023 - 2030) and policies. However, parliamentary processes to approve and ratify financing agreements for projects with IFAD have been very slow. This has posed a risk of delays in project start up and timely implementation, resulting in escalations of project costs and affecting meeting project targets.		
Mitigations: Government through the Debt & Aid division in MFEA will closely work with MoA to ensure relatively quick passage in Malawi parliament to timely ratify SAPP II financing agreement. MFEA will also work closely with the Ministry of Justice & Constitutional Affairs to develop Government /IFAD money bills for presentation in Malawi Parliament in a timely manner.		
Policy development & implementation	Substantial	Moderate
Risk(s): The national policy framework (MW 2063) is well-developed and supportive of agricultural commercialization and rural development. However, there is slow and limited implementation of most policy elements because of limited budget allocation to ensure implementation of the policies and strategies take place. This is a risk that the MW2063 may not be achieved.		
Mitigations: Government to strengthen capacities for policy implementation by providing adequate budget allocations. The Government to strengthen its monitoring of policy implementation. SAPP II will support some policies, including horticultural development in pursuit of Malawi's agriculture commercialization agenda.		
Environment and climate context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Risk(s): The project's negative environmental risks include deforestation, land degradation, soil erosion, siltation of water reservoirs and bio-diversity loss because of clearing land for agriculture. In addition, inadequate adherence and limited enforcement to environmental regulations may result in increased vulnerability or deterioration of target populations' livelihoods and ecosystems.		
Mitigations: - Project will ensure screening of project interventions potential impact on environment and formulation of site specific Environmental and Social Climate Management Plans (ESCMPs) where environmental risks exist to minimize negative environmental impacts when risk is identified; - Promoting and building capacity for communities in conservation, restoration and protection of ecosystems and biodiversity; - Strengthening environmental education and co-management through capacity building of community groups to sustainably use of common		

Risk categories and subcategories	Inherent	Residual
resources; - Targeted conservation and restoration activities at micro-catchment level; - The project interventions will target existing agricultural land, and land clearing will not be required for the project direct activities; - Screening of FCF business plans against climate and environmental criteria.		
Project vulnerability to climate change impacts	Substantial	Substantial
Risk(s): The targeted population is vulnerable to increased frequency of extreme weather events (floods, droughts, and cyclones), extreme temperatures, erratic rainfall as a result of climate change. The impacts of climate change will impact productivity in terms of crop yields, loss of livestock and undermine the sustainability of project interventions. There are limited climate smart technologies or good agricultural practices.		
Mitigations: - Strengthen research, development and farmer evaluation of climate adapted crop varieties, new livestock production technologies promotion of Good Agricultural Practices (GAP), soil and water conservation, soil fertility improvement, conservation agriculture and awareness on environmental conservation and management practices. - Piloting of crop and livestock micro-insurance initiatives; - Climate resilience criteria in choice of value chain commodities to be promoted; - Early warning systems, more accessible weather and climate data, climate-resilient infrastructure, climate-smart agricultural practices/technologies, will be promoted to increase resilience; - A targeted adaptation assessment to identify site specific adaptation options.		
Project scope	Low	Low
Project relevance	Low	Low
Risk(s): There is low risk since SAPP-II design builds on the most relevant aspects of the ongoing SAPP project, validated through SAPP Outcome surveys and economic and social development status reports from the targeted areas. It was confirmed during the concept note mission that support to agriculture primary production, with added elements of climate resilience and commercialization, is highly relevant for Malawi nationally and for the target districts in particular.		
Mitigations: During MTR, the project framework will be assessed to ensure continued relevance of the project framework of goals, outcomes, outputs and activities. Flexibility to make revisions at MTR ensures that SAPP-II will remain relevant throughout project life.		
Technical soundness	Low	Low
Risk(s): There is low risk of a lack of technical soundness. The project outcomes and outputs are building on best practices identified through implementation of the ongoing SAPP project as well as other agriculture projects at the Ministry of Agriculture, and technical soundness is proofed against successful work and results.		
Mitigations: The annual supervisions and especially the project Mid Term Review will ensure that project implementation will progress effectively and in alignment with the design, and in case revisions to		

Risk categories and subcategories	Inherent	Residual
the implementation framework are required, such can be agreed upon between IFAD and the Government.		
Institutional capacity for implementation and sustainability	Moderate	Low
Implementation arrangements	Moderate	Low
Risk(s): The Ministry of Agriculture, through the Project Implementation Unit (PIU), was responsible for the implementation of SAPP and the same arrangement will be kept for SAPP II. Whilst it is the responsibility of the Government and its associated institutions to take charge of SAPP II delivery, and they have proven capacity for this, there is a risk that the MoA is slow to develop partnerships for delegation of selected aspects of project implementation to partners that may be more effective in those areas. This poses a risk with regards efficiency of delivery as well as outcomes achievement. Limited capacity from relevant institutions may arise from implementing the project in new identified districts.		
Mitigations: The design mission will identify appropriate implementation responsibilities for the MoA departments and those for development partners, value chain actors, service providers and stakeholders during SAPP II delivery. The partnerships shall be consolidated in Memorandums of Understanding (MOU) at project start-up phase to delegate delivery of selected outputs and activities to appropriate entities, whilst still providing oversight. Government will ensure selected EPAs have sufficient front-line staff to implement the project.		
M&E arrangements	Moderate	Low
Risk(s): The project is at its second phase and the staff is well trained and have already a functioning M&E system. The monitoring plan will identify monitoring indicator indicators at various level. However, some challenges could be the disaggregation of some of the indicators and the tracking of environmental and social safeguard as well as tracking emissions.		
Mitigations: Whenever practicable, all indicators centred on people will be disaggregated by gender and age. The preliminary ESCMP matrix will be refined and incorporated into the project's implementation manual throughout its duration. During the design phase, a comprehensive M&E framework will be agreed upon between IFAD and Government teams.		
Procurement	Moderate	Moderate
Legal and regulatory framework	Moderate	Moderate
Risk(s): There are exceptions to the procurement framework in the case of national defense or national security related procurement to the extent that such procurement is determined to be of a sensitive nature. A blanket exception may lead to non-competitive procurement and may pose the risk of not obtaining value for money on military expenditure which is not of a sensitive nature. Desk instructions dated 2003 yet to be updated to be consistent with the new Regulations of 2020. The inconsistency may lead to the risk of non-compliance with the Procurement Act and regulations hence threatening the integrity of the public procurement system and impacting value for money outcome. Standard RFQs do not contain a period for clarification and neither is there enough time to ask questions. There is a risk that either unrealistic quotations will be submitted or some vendors will not be		

Risk categories and subcategories	Inherent	Residual
<p>motivated to participate if some aspects of the procurement requirement are unclear leading to less competition. This will in turn impact value for money. This is likely to affect the project since it will be using national procedures.</p> <p>E-procurement not in use and Regulations 179 and 180 cover gradual introduction of e-procurement and conditions for their application. Definitions require adherence to socio-economic policies and provision 36 of the Act covers participation of SMEs though there are no methods that support innovation. Use of manual processes is inefficient and is prone to errors and there is lack of transparency and open access to public procurement information by the public and other stakeholders. Relying on such a system by the project will limit the information available about the project's procurement opportunities.</p>		
<p>Mitigations: Procurement processes and procedures to be clearly identified in the PIM. Adoption of IFAD shopping SPDs that contain provisions for clarifications. Ensure procurement procedures are defined in project procurement manuals and consistent with IFAD procurement framework. Permit receipt of REOI and vendor pre-qualification applications through e-mail. Identification of SMEs to participate in specific procurement reservation schemes.</p>		
Accountability and transparency	Moderate	Moderate
<p>Risk(s): No evidence that the Government takes into account the input, comments and feedback received from civil society and the procurement framework does not allow the public to participate in public procurement phases other than opening. There is a risk of lack of scrutiny of public procurement processes and decisions which may make the process none transparent and unaccountable.</p> <p>There is a requirement by law to publish NOITA, but no central portal for publishing other procurement related data to the public. There is a risk that lack of systematic access to public procurement information may erode the confidence of the public and the business community in the public procurement system.</p> <p>According to PEFA 2018, the National Audit Office (which is responsible for procurement audit) has no resources and capacity to properly exercise its functions. Composition of audit teams does not comprise procurement specialists. Resource constraints lead to fewer post reviews for procurement and there is a risk that the National Audit Office does not exercise its function to the desired extent in assessing compliance with procedures and performance levels of public procurement entities to ensure value for money in public procurement. This will impact the project since the public auditor will likely not have the expertise and resources to audit the project hence need to rely on private external auditors.</p> <p>No evidence of systems in place to follow up on the implementation/enforcement of the audit recommendations. This results from lack of an effective mechanism to follow up on audit recommendations and lack of a sanction system. There is a risk that there are no action plans to address the shortcoming and irregularities pointed out. The impact is that public procurement remains ineffective as it may not take advantage of the recommended improvements.</p> <p>There are no special integrity programmes for procurement staff. There is no disclosure of secure, accessible and confidential channels for reporting cases of fraud, corruption or other prohibited practices or unethical behaviour. There is a risk that procurement staff may be involved in unethical practices which may go unpunished due to lack of</p>		

Risk categories and subcategories	Inherent	Residual
a mechanism to hold them accountable. This may extend to the project staff since they operate in the same environment as all public officers.		
Mitigations: Use of the project website to publish procurement opportunities and contract awards. Periodic reporting to IFAD on procurement related issues identified during audit and their resolution. Include qualified procurement specialists as part of audit teams. Project to put in place periodic training on integrity for all project staff involved in processing procurement activities. The Project should disclose in solicitation documents the IFAD hotline to report misconduct of any kind and corruption and brief them on the Reporting obligations, as per Revised IFAD Anti-Corruption Policy.		
Capability in public procurement	Moderate	Moderate
<p>Risk(s): Financial procedures are not detailed in the procurement cycle though the intersection with budgeting is identified in Part V of Regulations. This creates uncertainty on allocation of budget and availability of funds to ensure payments under the financial system leading to lack of trust due to lack of timely payments to vendors and may pose the risk of reduced competition, increased prices and delays in delivery of goods and services.</p> <p>There is no centralized procurement body for the purpose of consolidation hence lack of economies of scale due to lack of bulk buying. This has the risk of fragmenting procurement requirements and risks making them unattractive to bidders. This impacts value for money. The project may not be able to take advantage of such consolidation for its operational requirements.</p> <p>Absence of procurement information system and no strategies to manage procurement data. This poses the risk that there is lack of data to monitor compliance and measure performance of the public procurement system in order to achieve value for money across contract awarding including the methods used.</p> <p>There is a lack of substantive permanent training programmes on procurement and strategy to develop capacity of key stakeholders in public procurement. There is a risk this will affect the operational effectiveness of the implementation of the project including mastery of the rules and procedures in public procurement and may impact accountability functions in all stages of project implementation.</p>		
Mitigations: Timelines for Annual Work planning and budgeting cycles should be clearly defined in the PIM. Consolidate requirements for the purpose of economies of scale. Use IFAD end-to-end OPEN system for processing procurements. Project Procurement specialists to attend IFAD ILO based Procurement training BUILDPROC. Institute periodic stakeholder/supplier conferences.		
Public procurement processes	Moderate	Moderate
<p>Risk(s): There are instances of delays and not achieving the planned target activities as a result of delays in initiation processes. This is associated with the long time it takes to pass budgets and release funds to Procuring Entities to enable spending to occur. There is a risk of rushing to make last minute spending especially at the end of the year to exhaust the allocated budget leading to poor procurement decisions and wastage of funds.</p> <p>Absence of formal mechanisms for open dialogue or capacity building of private companies. Absence of specific risks assessment associated with different sectors and engagement in support of procurement objectives. There is a risk that stakeholder concerns over various</p>		

Risk categories and subcategories	Inherent	Residual
<p>issues highlighted in the usage of bidding documents may remain unaddressed. There is an additional risk that the private sector may not be adequately sensitized on how to effectively participate in public procurement opportunities hence impacting competition and value for money.</p>		
<p>Mitigations: Use IFAD end-to-end OPEN system for monitoring milestones. Absence of a system in place to measure and improve on procurement and contract management practices. Institute periodic stakeholder/supplier conferences. Periodic updates to project procurement strategies to identify emerging trends and risk mitigation measures.</p>		
Financial management	Substantial	Substantial
Organization and staffing	Substantial	Substantial
<p>Risk(s): Seconded staff demotivation with the salary et benefit set by the Government may affect the projects deliverables and may cause corrupt deals. None of FM staff is qualified accountant may cause problem solving complex accounting treatments. The district staff don't have requisite experiences in IFAD financial and administration processes and procedures. Frequent rotation of delegated government staff may cause high turnover of staff within district project.</p>		
<p>Mitigations: The government should set a staff emolument which is acceptable to motivate seconded staff. The FM staff should seek to become a member of Accounting body. All the finance team staff at PMU and District must take IFAD FM e-learning course to keep abreast with IFAD current FM policies. The government should allow staff delegated to IFAD projects to be on the course until the end of the project before rotation. There will be start-up capacity building workshop where the project will be sensitized on IFAD financial management requirements including preparation of interim financial reports and processing of withdrawal applications in ICP to ensure there is timely disbursement of funds, valuation of in-kind contributions among others.</p>		
Budgeting	Substantial	Substantial
<p>Risk(s): Delay in the preparation of AWPB and submission to IFAD for No-Objection may delay in the activities' implementation. ·Prepare non-realistic and too ambitious AWPB which would not be implemented giving low budget implementation rate at the end of year. ·No official and documented guideline policies on the government and other counterpart's in-kind contribution giving inaccurate government counterpart contributions. ·Delay in implementing AWPB. ·Spending non-authorized or non-budgeted activities leading ineligible.</p>		
<p>Mitigations: Project should respect the laid down procedures on AWPB preparation and submission to IFAD. ·Activities budgeted for should be implemented at least in 80% each year. ·The project to develop in-kind contribution guidelines to be no-objected by IFAD for use before first disbursement.</p>		

Risk categories and subcategories	Inherent	Residual
<ul style="list-style-type: none"> ·Each month prepare AWPB versus implementation schedule and variance to monitor AWPB implementation. ·Before expenses are incurred, Finance Team to check and record availability of budget line and fund; if not reject the expense. 		
Funds flow/disbursement arrangements	Substantial	Substantial
<p>Risk(s): Delay in the preparation of quarterly IFR and submission of Advance and Justification W/As leading to liquidity constraints and delaying activities implementation.</p> <p>Malawi Kwacha is highly volatile due to its continuous depreciation against the US\$ which may affect or reduce available dollar for the project implementation.</p> <ul style="list-style-type: none"> ·Delay in disbursing fund to Farmers Challenge Fund beneficiaries on time of need due to lack of capacity in the preparation of disbursement-based on impress system and delay of submission of W/A. ·The current existing of financing gap may affect some project's categories and overall project implementation. 		
<p>Mitigations: Effective capacity building on IFR preparation, disbursement based on IFR and submission of W/As through FE module and ICP should be undertaken during project launch.</p> <ul style="list-style-type: none"> ·Transfer only amount needed for use in MK in the Operation accounts. ·The PMU finance staff should build capacity to Farmer Challenge Fund beneficiaries before the first disbursement of advance. ·The B/R should endeavour to raise the financing gap before the project launch. · IFAD will demand adequate and timely provisions of counterpart provisions during project negotiations to mitigate on use of IFAD funds to pre-finance counterpart contributions 		
Internal controls	Substantial	Substantial
<p>Risk(s): Delay in submitting final internal audit report which will delay the knowledge of key and risky issues found.</p> <ul style="list-style-type: none"> ·Not respecting at least two internal audit undertaking per financial year. ·Adequate internal control system in place but which may not work due to violation of intern control processes in place. ·Non-respect of clauses of Financial and Administrative manual. ·Increased risk of fraud and poor financial management practices at the district and FCF beneficiaries' levels where IFAD resources support farmers' organizations and smallholders. ·Accumulation of incompatible tasks and overriding of Coordinator on internal procedures. ·Weak capacities of implementing partners. 		
<p>Mitigations: There should always be internal audit entry and exist meeting and make sure the final signed internal report is received on time.</p> <ul style="list-style-type: none"> ·The number of internal audit report planned for the year should been done, at least 2 internal audits should be undertaken each year. ·Every approving officer along internal control value chain should respect his/her role without overriding on the other's roles. ·Projects policies manual should be followed and in case of any internal process amendments, the project should review and update the manual accordingly. ·All SAPP II staff: PMU, District levels should take IFAD anti-fraud and anti-corruption course with certificate. Report any attempt of fraud, corruption by introducing whistle blowing arrangement in place. 		

Risk categories and subcategories	Inherent	Residual
<ul style="list-style-type: none"> ·The Coordinator should give autonomy to each Officer to play his/her role on the transactions approving processes. ·PMU to build capacity to all implementing partners before disbursing fund. · Bank reconciliations and other requirements by districts will regularly be monitored by PMU. The residual risks are maintained as Substantial. A time-bound action plan is put in place to improve SAPP FM performance while waiting for SAPP II to start up. 		
Accounting and financial reporting	Substantial	Substantial
<p>Risk(s): Incomplete configuration of the accounting software with financial statements (FS) leading to manual preparation of FS with inaccuracy and errors.</p> <ul style="list-style-type: none"> ·Delay in preparation and submission of quarterly IFR and risk of quality may be compromised. ·Risk of the FCF beneficiaries may not have quality bookkeeping knowledge and system in place which can allow them to prepare disbursement based on impress system. ·Accounting software may not be customized enough with all the required forms to automatically generate reports that meet IFAD requirements. ·Risk of SDR/US\$ exchange rate fluctuation leading to insufficient dollar values available to implement project activities when the financing is SDR. ·Risk that Farmer Challenge Fund does not have distinct category in costab and Schedule II. 		
<p>Mitigations: Configure accounting software with all the required IFAD forms and FS before the first disbursement. FO to check and make a test run during the launch of the project.</p> <ul style="list-style-type: none"> ·During the launch of SAPP II build capacity of staff on IFR preparation, disbursement procedures, FE Module and ICP usage. ·SAPP II Finance team to build capacity for FCF beneficiaries on effective bookkeeping and preparation of disbursement W/A. ·SAPP II should have TOMPRO upgraded into TOMPRO web and configure it for a complete FS and IFR and reporting directly from the system. ·SDR/US\$ financing gap-high risk; therefore, the government should endeavour to choose US\$ or Euro currency for the loan and grant. ·Make sure the current Farmer Challenge Fund (FCF) maintains distinct category in the costab and in IFAD schedule II. 		
External audit	Substantial	Moderate
<p>Risk(s): Possible risk of collusion of the PMU and auditor General delegated staff who conduct project external audit to twist the audit report and findings.</p>		
<p>Mitigations: Hybrid external audit process involving Auditor General and private auditor for credible oversight control assurances.</p>		
Environment, social and climate impact	Moderate	Low
Biodiversity conservation	Moderate	Low
<p>Risk(s): Land clearing for agriculture, for example, may endanger or reduce biodiversity, the availability of diverse nutritious food, ecosystems and ecosystem services, or the unsustainable use/production of natural resources. In addition, the project could accidentally lead to introduction or utilization of invasive alien species of flora and fauna.</p>		

Risk categories and subcategories	Inherent	Residual
<p>Mitigations:</p> <ul style="list-style-type: none"> - The project interventions target existing agricultural land, and land clearing will not be required for the project direct activities - Promoting protection of the natural resource base through tailored support from the Village Farmer Challenge Fund - Screening of FCF business plans against climate and environmental criteria - Targeted conservation and restoration activities at micro-catchment level - Capacity building for communities on biodiversity conservation to be provided through the advisory services. - Implementation of the ESCMPs, which provides mitigation plan for all risks identified - Procurement guidelines will include safeguards to ensure any seed or seedling purchased for the project do not have invasive potential (particularly relevant in research for new varieties and in potential afforestation activities) - Project will work to change perceptions on the richness of indigenous and local wild foods through participatory biodiversity assessment to understand their availability and key characteristics and potential for biodiversity and diet quality. 		
Resource efficiency and pollution prevention	Moderate	Low
<p>Risk(s): Farmers' increased use of agrochemicals (fertilisers and pesticides) may pollute land and water resources as they seek to increase agricultural productivity threatening ecosystem services and the environment at the local levels. The project will also involve livestock management and rearing, as well as potential afforestation activities which may imply increased pressure on resources and/or changes to land-use.</p>		
<p>Mitigations:</p> <ul style="list-style-type: none"> - Promotion of eco-labelled products/practices such as organic fertilizer, manure curing and Integrated Pest management that minimizes hazardous substances/emissions - Where inorganic fertiliser cannot be avoided, precise application techniques to be promoted - Policy support to address environmental effects of fertiliser subsidy - Screening of FCF business plans against climate and environmental criteria to avoid causing pollution - Procurement guidelines will list all approved chemicals in tender documents - The specifications of fertilisers and pesticides contracted by the PMU will be required to operate in line with the specifications in SECAP VOL 1 Annex 4 and the WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides - Focus on small and low-emitting livestock only - Promotion of good husbandry practices and manure management through trainings and demonstrations - Preliminary soil and water assessments, as well as socioeconomic assessment will be conducted prior to afforestation activities to identify appropriate location, number and management capacity of trees planted for restoration and/or agroforestry - Technical training will be provided, ensuring that tree nurseries will need to be grown in a sustainable manner including safe use of fertilisers, chemicals, safe disposal of plastics. 		

Risk categories and subcategories	Inherent	Residual
Cultural heritage	Low	Low
Risk(s): No risk envisaged		
Mitigations: No risk envisaged		
Indigenous peoples	Low	Low
Risk(s): There is no envisaged risk as the project target beneficiaries does not include IPs.		
Mitigations: There is no envisaged risk as the project target beneficiaries does not include IPs.		
Community health and safety	Moderate	Low
Risk(s): Potential health and food safety concerns along the selected value chains from production to consumption of the selected value chains. For example high aflatoxin content of groundnuts and other grains; Increased agricultural productivity from the use of inorganic and pesticides will result in increased use of agrochemicals. Poor agrochemical handling and application will increase the risks to the health of pesticide-exposed people and agricultural product consumers. Women's increased domestic workload continues to endanger their health and nutrition. This can be exacerbated by allowing women to participate in labor-intensive activities. There is a possible risk of gender-based violence.		
Mitigations: - Where inorganic fertiliser cannot be avoided, precise application techniques to be promoted - Promote the use of organic fertilisers particularly for home gardens, the main source of vegetables for household use - Tailored training on food safety to farmer groups based on specific risks of specific value chains The project will create awareness on GBV prevention, management and reporting using the protocols provided for by the Ministry of Health. As well prevention of HIV/AIDS. Promote use of organic fertilizers, integrated pest management and safe use of chemicals.		
Labour and working conditions	Moderate	Low
Risk(s): The risks are child labour due to high school drop-out rates, working during school holidays, heavy labour burden on women, occupational health/injuries, risks during NRM works, and poor working conditions of workers working with partners and service providers.		
Mitigations: The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women and create awareness on GBV prevention.		
Physical and economic resettlement	Low	Low
Risk(s): No risk envisaged.		
Mitigations: No risk envisaged.		
Greenhouse gas emissions	Low	Low
Risk(s): Secondary forest carbon sinks may be reduced as a result of land clearing for agriculture resulting from land use change thereby contribute to anthropogenic climate change.		

Risk categories and subcategories	Inherent	Residual
<p>Mitigations:</p> <ul style="list-style-type: none"> - The promotion of good agricultural practices and soil fertility enhancement will also promote carbon sequestration in soil organic matter. - Promotion of clean energy technologies will help to reduce GHG emissions. - Project will promote NRM, including afforestation. 		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
<p>Risk(s): The reliance on rainfed agriculture, low adoption of climate smart practices/technologies makes the targeted population and infrastructure vulnerable to climate shocks, as demonstrated by the recent Cyclones Idai and Freddy.</p>		
<p>Mitigations:</p> <ul style="list-style-type: none"> - Strengthen research, development and farmer evaluation of climate adapted and nutrition dense crop varieties, new climate resilient livestock production technologies. - Early warning systems for shocks. - Increase promotion and adoption of climate smart and shock resilient production systems and technologies, sustainable management of productive resources (soil, land and water). - Soil and water conservation, conservation agriculture and raising environmental awareness. - Ensuring climate resilience Good Agricultural Practices (GAPs) or technologies are developed and refined to meet the needs of various farmer agro ecologies. - Strengthen agricultural extension delivery. - Improve the implementation of farmer-created research trials. - Improving capacity will also increase smallholders' knowledge base for managing climate change-related risks. - Target districts are not the most exposed 		
Stakeholders	Moderate	Low
Stakeholder engagement/coordination	Moderate	Low
<p>Risk(s): Weak inclusion of stakeholder in the design and implementation of the project results in poor ownership and potential duplication of efforts with other development partners. Inadequate inclusion also leads to inability of stakeholders to take decisions related to the programme as well as to voice their opinions and concerns.</p>		
<p>Mitigations: Stakeholders were consulted extensively during the concept note preparation process. A stakeholder engagement plan will be developed during project design to identify various stakeholders, how they will be engaged, information feedback loops, and communication channels.</p>		
Stakeholder grievances	Moderate	Low
<p>Risk(s): Inadequate or delayed activation of grievance/complaint redress mechanisms, resulting in unresolved stakeholder complaints, which may result in low motivation and project participation. This could jeopardize project implementation and the achievement of project development goals.</p>		
<p>Mitigations: SAPP II will train project staff and senior government representatives from lead project executing agencies to effectively engage stakeholders and provide feedback on IFAD investments. A grievance redress mechanism will be created for the project to provide a channel for complaints.</p>		

