
Republic of Botswana

Botswana Livestock Commercialization Project
Negotiated financing agreement

Document: EB 2025/146/R.3/Sup.1

Agenda: 3(a)(i)(b)(i)

Date: 28 November 2025

Distribution: Public

Original: English

FOR: INFORMATION

Negotiated financing agreement

(Negotiations concluded on 19 November 2025)

Loan No: _____

Project name: Botswana Livestock Commercialisation Project ("the Project")

Republic of Botswana (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

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

WHEREAS the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. This Agreement comprises the following: the Main Document (The Preamble and Sections A-E), the Project 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.

Section B

1. The amount of the loan is thirty-one million five hundred and twenty thousand United States Dollars (USD 31 520 000) (the "Loan").

2. The Loan is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of the Loan at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of twenty (20) years, including a grace period of five (5) years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.

3. The Loan Service Payment Currency shall be in United States Dollars.

4. The first day of the applicable Fiscal Year shall be 1 April.

5. Payments of principal and interest shall be payable on 15 May and 15 November of each year.

6. There shall be a Designated Account in USD, for the exclusive use of the Project opened with the Bank of Botswana. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. There may be a Project Operational Account in Botswana Pula for the benefit of the Project in Bank of Botswana or any other commercial Bank acceptable to the Fund.
8. The Borrower shall provide counterpart financing for the Project in the amount of five million and eighty-eight thousand United States Dollars (USD 5 088 000). For the avoidance of doubt, all Project related taxes will be covered by the Borrower as part of counterpart financing.
9. Reporting: The Project will be required to prepare quarterly and annual financial statements in accordance with the requirements of the Public Financial Management Act 2013 (Chapter 54:01) of the laws of Botswana and IFAD's requirements.
10. Auditing: The Project will be audited by the office of the Auditor General of Botswana. The internal Audit Function for the Project would be performed by the internal auditors of the Ministry of Lands and Agriculture.
11. Any income earned by contractors, consultants and experts using the project funds shall be subject to income tax in accordance with the applicable tax laws in Botswana.

Section C

1. The Lead Project Agency shall be the Ministry of Lands and Agriculture (MoLA).
2. 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 Project.
3. The Project Completion Date shall be the eighth (8th) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.
4. Procurement of goods, works and services financed by the Financing shall be carried out:
 - (a) in accordance with the provisions of the Borrower's procurement laws, to the extent such are consistent with the IFAD Procurement Guidelines; and
 - (b) in accordance with any other measures identified by IFAD.

Section D

1. The Fund will administer the Loan and supervise the Project.

Section E

1. The following is designated as additional grounds for suspension of disbursements:
 - (a) The PIM 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 Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.

2. The following is designated as an additional grounds for cancellation of disbursements:

- (a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the entry into force of the Agreement.

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

- (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained;
- (b) The IFAD no objection on the first Annual Work Plan and Budget (AWPB) and the Procurement Plan (PP) shall have been obtained;
- (c) Key Project staff have been appointed: (i) Project Director; (ii) Finance Manager; (iii) Procurement Specialist; and (iv) Monitoring, Evaluation and Knowledge Management Specialist;
- (d) A set up of the project accounting system within the Government Accounting and Budgeting System (GABS) software of the Ministry of Finance to satisfy the international Accounting Standards and financial reporting requirements of IFAD; and
- (e) Designated Account shall have been opened by the Borrower.

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

For the Borrower:

Minister of Finance
Khama Crescent
Block 25
State Drive
Gaborone, Botswana
mof-ps-secretary@gov.bw

For the Fund:

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

Copy to: Country Director, Botswana
International Fund for Agricultural Development
1 Eglin Road, Sunhill Park, Building 1, Sunninghill, Sandton 2157,
Johannesburg,
South Africa
e.kirumba@ifad.org

If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, [dated _____]¹, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

THE REPUBLIC OF BOTSWANA

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____²

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President of IFAD

Date: _____

¹ To be kept only if the FA is signed by both parties the same date in the same location.

² In case the FA is not signed in IFAD HQ

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit fifty thousand (50,000) households, equivalent to two hundred thousand (200,000) people.
2. *Project area.* The Project will focus on the following 20 districts: the following clusters, namely: (i) Greater Gaborone Cluster; (ii) Lobatse BMC Cluster; (iii) Tsabong abattoir Cluster; and (iv) Central Cluster, which may broadly comprise of the following districts: Molepolole, Mogoditshane, Ramotswa, Kgatleng, Tlokweng, Letlhakeng, Good hope, Kanye, Tsabong, Gantsi, Charleshill, Hukuntsi, Mabutsane, Mahalapye, Palapye, Serowe, North East, Tonota, Boteti, and Ngamiland For Ngamiland, the primary focus will be on market linkages, livelihood and conservation related interventions(the "Project Area").
3. *Goal.* The goal of the Project is to contribute to the Government of Botswana's objective of inclusively and sustainably improving productivity and commercialization of the small livestock subsector.
4. *Objectives.* The objective of the Project is to enhance incomes and resilience of rural households through more inclusive, sustainable and technology-driven small livestock value chains.
5. *Components.* The Project shall consist of the following Components:
 - 5.1 Component 0: **Response to emergencies and disasters.** This component will facilitate setting up of mechanisms to mitigate and manage shocks that negatively impact small livestock, such as floods, drought-related emergencies, and livestock disease outbreaks. The activation of the RED component will follow an official government request to IFAD and be based on the following triggers: (a) official declaration of emergency, extreme weather events, natural disasters (particularly drought and floods), and/or livestock disease outbreaks by the relevant government authorities; and (b) when assessments conducted by local authorities, NGOs, or community-based organizations identify more than fifty per cent (50%) damage loss to livestock assets linked to the emergency.
 - 5.2 Component 1: **Increased climate-resilient small livestock production and productivity.** It has two subcomponents
 - 5.2.1 *Sub-Component 1.1:* Enhanced access to quality small livestock, and animal health services. This sub-component seeks to support climate-resilient production and productivity enhancement in the small livestock sector, ensuring the active participation and equitable benefit of the target group through the following interventions.
 - 5.2.2 *Sub-Component 1.2:* Improved capacity of farmers to adopt climate resilient production and management practices. This sub- component aims at making the target beneficiaries more resilient to environmental and climatic challenges.
 - 5.3 Component 2: **Strengthened and inclusive small livestock value chains.** It has three subcomponents
 - 5.3.1 *Sub-Component 2.1:* Strengthened clustering and capacity building of value chain actors. This sub-component aims at improving organisation of farmers within the target value chains. The services of competent service providers will be secured to promote organisation of farmers and build capacities of clusters.
 - 5.3.2 *Sub-component 2.2:* Improved access to input and output markets. This sub-component seeks to address challenges faced by farmers in accessing inputs (especially feed, fodder and medicines) and output markets. A priority under the Project will be the

establishment of formal market structures between producers, abattoirs and off-takers (supermarkets, hotels/restaurants and institutional buyers).

5.3.3 Sub-component 2.3: Improved access to inclusive financial services for value chain actors. This sub-component aims to complement the other Project activities by addressing access to finance constraints for beneficiaries—with tailored options for each of the four targeting categories—thus enabling them to invest further in activities of relevance to the other sub-components with a primary focus on climate resilient practices such as improved water management and use of solar energy.

5.4 Component 3: **Enhanced enabling environment for improved small livestock development.** This component is a cross-cutting component servicing the technical components and has two subcomponents:

5.4.1 Subcomponent 3.1: Institutional Strengthening and Policy Support. This sub-component will have a dual focus: institutional strengthening and policy support. The sub-component will seek to facilitate the process of ensuring that a supportive policy environment is put in place for effective activity implementation during and after BoLCoP's implementation.

5.4.2 Subcomponent 3.2: Project Management and Implementation Support Services.

II. Implementation Arrangements

6. *Lead Project Agency.* The Ministry of Lands and Agriculture (MoLA) will serve as the lead implementing agency of the Project. It will however, delegate day-to-day operations of the Project to a National Project Management and Coordination Unit (NPMCU) reporting directly to MoLA's Permanent Secretary.

7. *Project Steering Committee.* A project steering committee (PSC), under the chairmanship of the MoLA Permanent Secretary, will be set up to provide overall policy and strategic guidance to the Project. The other members will be Permanent Secretaries from ministries and parastatals whose mandates have a direct linkage to the effective implementation of the Project. These include among others Ministry of Finance, Ministry of Environment and Tourism; Ministry of Local Government and Traditional Affairs; Ministry of Water and Human Settlement; Ministry of Trade and Entrepreneurship; Ministry of Youth and Gender Affairs etc.. The NPMCU will serve as a secretariat to PSC with the Project Coordinator being its secretary.

8. *National Project Management Coordination Unit.* A National Project Management Coordination Unit (NPMCU) will be established comprising a team of officers either recruited through a competitive process or seconded to the NPMCU by the Government of Botswana on a fulltime basis to fully focus on Project implementation. The following is the NPMCU composition: a) Project Director; b) Monitoring, Evaluation and Knowledge Management Specialist; c) Financial Management Specialist; d) Procurement Specialist; e) Livestock Specialist; f) Agribusiness and Marketing Specialist; g) Gender, Youth and Social Inclusion Specialist; h) Environmental Climate and Safeguards Specialist; i) M&E/KM Assistant; j) Accountant; k) Procurement Analyst; l) Project Assistant; m) Information Technology Analyst; n) 4 Cluster Level Monitoring and Evaluation Specialists;. The NPMCU will be located in Gaborone and will be housed by the Government of Botswana as part of its counterpart contribution to BoLCoP. The Project will avail the NPMCU will the equipment, including logistical, needed for effective coordination of Project activities.

9. *Project Parties.* Key project parties will include, but not be limited to:

- (i) Smart Botswana;
- (ii) Ministry of Trade and Entrepreneurship and relevant Parastatals (e.g. Botswana Investment and Trade Centre, Local Enterprise Authority, Department for Cooperatives Development, Department of Trade and Consumer Affairs, Citizen Entrepreneurial Development Agency and Botswana Trade Commission etc.);
- (iii) National Agricultural Research and Development Institute (NARDI);
- (iv) National Development Bank (NDB);
- (v) Botswana University of Agriculture and Natural Resources (BUAN);
- (vi) Botswana Meat Commission;
- (vii) Ministry of Local Government and Traditional Affairs;
- (viii) Ministry of Youth and Gender Affairs;
- (ix) Ministry of Environment and Tourism
- (x) Service providers; and
- (xi) Bank Gaborone.

10. *Monitoring and Evaluation.* The project will set up a structured, participatory, and results-based approach aligned with IFAD's Core Outcome Indicator (COI) guidelines. Managed by the NPMCU, it will coordinate data collection, analysis, and reporting through a Management Information System (MIS). Routine monitoring will be conducted by partners and field staff using standardized tools and regular reporting. A baseline study will be conducted in the first year to establish reference values for key outcome and impact indicators, including income, employment, access to services, and empowerment. Indicators will be disaggregated by sex, age, and household type. A midline survey will be completed and approved two months before fielding of the MTR mission. Also, an end-line survey will be completed and approved two months prior to the PCR Mission.

11. *Knowledge Management.* The project will integrate a comprehensive KM framework aligned with its M&E system to support adaptive management, institutional learning, and evidence-based policy and decision-making. A Monitoring and Evaluation and Knowledge Management Specialist, supported by implementation partners, will coordinate KM activities, with the MIS serving as the central platform for data storage, tracking, and dissemination. Knowledge will be generated through systematic analysis of monitoring data, impact assessments, thematic studies, and beneficiary feedback. It will subsequently be disseminated through digital platforms, learning events, policy briefs, case studies, toolkits, and stakeholder networks.

12. *Project Implementation Manual.* A comprehensive project implementation manual (PIM) has been developed as part of the design package. The PIM contains detailed terms of reference of project staff, details on implementation arrangements and relevant project details which should facilitate implementation readiness. Any revisions to the PIM will have to be shared with the Fund to ensure alignment in approaches.

Schedule 2*Allocation Table*

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Project Components to be financed by the Loan and the allocation of the amounts to each Component of the Financing and the percentages of expenditures for items to be financed in each Component:

Component	IFAD Loan Amount Allocated (expressed in USD)	Percentage (net of taxes)
A. Increased Climate-Resilient Small Livestock Production and Productivity	9,370,000	100% net of taxes
B. Strengthened Small Livestock Value Chains	10,130,000	100% net of taxes
C. Enhanced Enabling Environment	8,500,000	100% net of taxes
D. RED (Emergency and Disaster Relief)	370,000	100% net of taxes
Unallocated Costs	3,150,000	100% net of taxes
TOTAL	31,520,000	

2. *Disbursement arrangements*

- (a) *Start-up Costs.* 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 five hundred thousand United States dollars (USD 500,000) the following amounts per category. Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.
- (b) *Auditing:* The Project will be audited by the office of the Auditor General of Botswana. The internal Audit Function for the Project would be performed by the internal auditors of the Ministry of Lands and Agriculture.

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 Borrower to request withdrawals from the Loan Account if the Borrower 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 Project:

1. Within twelve (12) months of entry into force of the Financing Agreement, the Project will enter into appropriate arrangements (such as service level agreements or partnership agreements), as acceptable to IFAD, with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.

2. *Planning, Monitoring and Evaluation.* The Borrower 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.

3. *Gender.* The Borrower shall ensure that women-headed households will be given due consideration, and young men and women from poor households will be offered skills development for labour market, value chain participation and off-farm enterprises. Of direct beneficiaries, forty per cent (40%) shall be women, thirty per cent (30%) youth and five per cent (5%) vulnerable groups.

4. *Indigenous People Concerns.* The Borrower shall ensure that the concerns of IPs are given due consideration, where relevant, in implementing the Project and, to this end, shall ensure that:

- (a) the Project 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 Project 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 Borrower on the subject are respected³; and
- (f) The Project will not involve encroachment on traditional territories used or occupied by indigenous communities.

5. *Land tenure security.* The Borrower shall ensure that any land rights pertaining to possession and use are consistent with the Borrower's national laws.

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

7. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project 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.

³ Refer to ILO 169, 1989 when ratified.

8. Use of Project Vehicles and Other Equipment. The Borrower shall ensure that:
- (a) all vehicles and other equipment procured under the Project are allocated to the Lead Project Agency for Project implementation;
 - (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
 - (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.
9. IFAD Client Portal (ICP) Contract Monitoring Tool. The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project 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 Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.
10. The Key Project Personnel are: (i) Project Director; (ii) Finance Manager; (iii) Procurement Specialist; and (iv) Monitoring, Evaluation and Knowledge Management Specialist. In order to assist in the implementation of the Project, the NPMCU, 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 Project Personnel shall be seconded to the NPMCU 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 Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the International Labour Standards⁴ (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 Project's circumstances.

II. SECAP Provisions

1. For projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project 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 Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund; and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).

⁴ As published by the International Labour Organisation from time to time.

2. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project-affected area, in a form and language understandable to Project-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).

3. The Borrower 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 Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

4. 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 Project implementation that, with respect to the relevant IFAD Project:

- (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 Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- 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 the context of the Project or within the Borrower'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 Borrower (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 Project 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 allegations 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).

5. The Borrower 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 Management Plan(s) (if any) are respected.

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

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs, SECAP studies and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- 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.

7. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the provision providing greater safeguards shall prevail.