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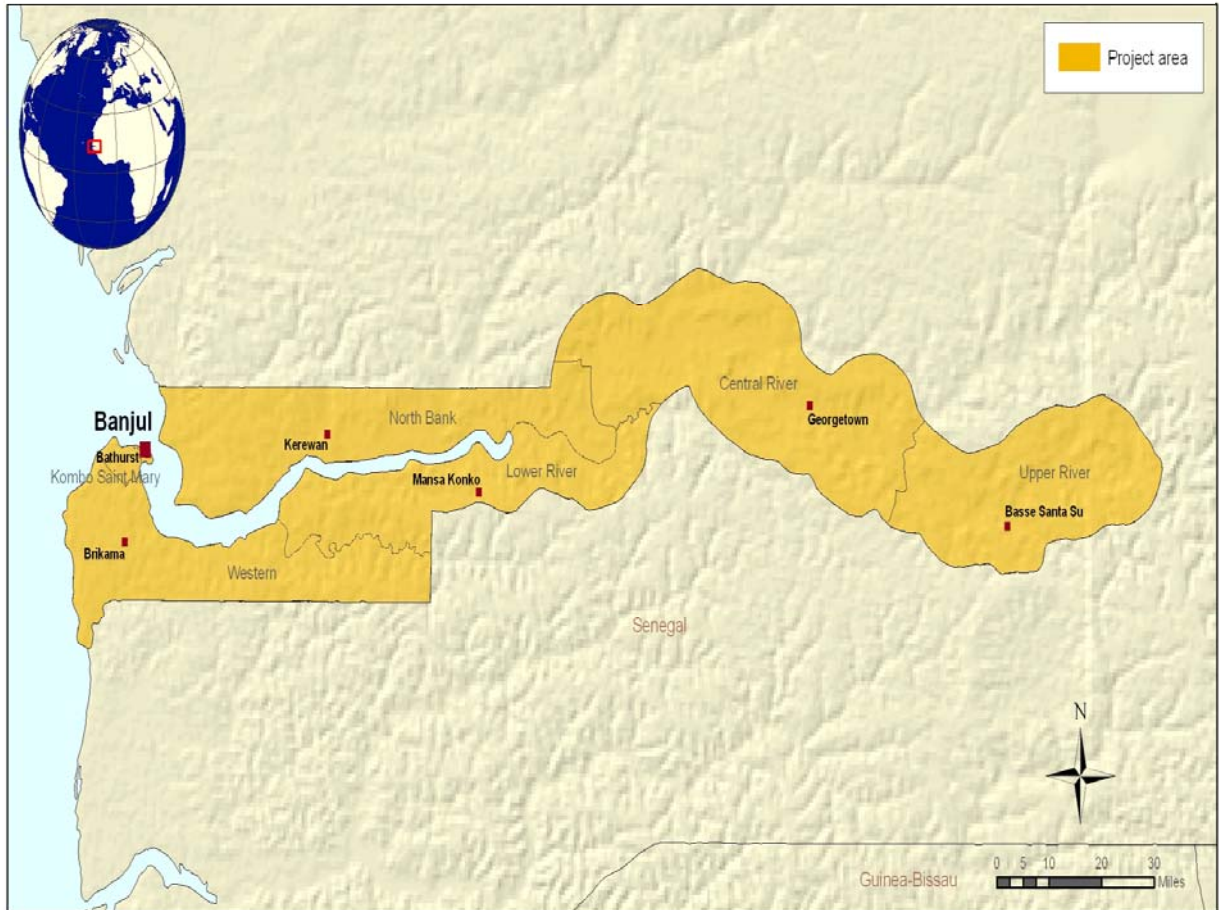
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Negotiated financing agreement: "Livestock and Horticulture Development Project"

(Negotiations concluded on 12 November 2009)

Grant Number:

Project Title: Livestock and Horticulture Development Project (the "Project")

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

and

The Republic of The Gambia (the "Recipient")

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

hereby agree as follows:

Preamble

The IFAD Grant shall help finance certain activities which are part of the Livestock and Horticulture Development Project, initiated and co-financed by the African Development Bank ("AfDB") and the Recipient.

Section A

1. The following documents collectively form this Agreement: this document, 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, as may be amended 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.
3. The Fund shall provide a Grant to the Recipient (the "Financing"), which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Grant is SDR 5 050 000.
2. The first day of the applicable Fiscal Year shall be 1 January.
3. The Recipient shall provide counterpart financing for activities of the Project financed by the Grant in the amount of USD 0.41 million.

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture (MOA).
2. The following are designated as additional Project Parties: The Central Projects Coordinating Unit (CPCU) of the MOA and the Projects and Programmes Monitoring and Evaluation Committee (PPMEC) of the MOA.
3. The Project Completion Date shall be the fifth anniversary of the date of entry into force of this Agreement, in accordance with Section 13.01 of the General Conditions.

Section D

The Grant will be administered and the Project supervised by IFAD.

Section E

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

For the Fund:

President
International Fund for Agricultural
Development
00142 Rome, Italy

For the Recipient:

The Permanent Secretary
Ministry of Finance and Economic Affairs
The Quadrangle
Banjul, The Gambia

This agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Recipient.

For the Fund

For the Recipient

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target population.* The Project shall reach resource poor rural growers and livestock owners, including women and youth nationwide.
2. *Goal.* The Goal of the Project is to assist the Recipient in achieving the targets outlined in the Second Poverty Reduction Strategy Paper and in the Millennium Development goals in food security, the environment gender and HIV/AIDS.
3. *Objective.* The main Project objective is to sustainably increase food security and incomes of the vulnerable producers and livestock owners throughout the country by (i) improving returns to organised groups; (ii) building up capacities at grass roots level and (iii) strengthening monitoring and evaluation.
4. *Components.* The Project shall include the following three (3) components:

Component A. Production, Processing and marketing of livestock and horticultural products

This component shall rehabilitate/modernise gardens operated by women kafos, create gardens for youth and support improved animal husbandry and fattening for small ruminants and poultry.

The main activities include, among others:

- A1) Rehabilitation of existing vegetable gardens and the construction of sheds for storage, sorting, washing, packing and processing of produce. Existing wells and boreholes will also be rehabilitated and starter kits including seeds, fertilisers and small tools will be distributed.
- A2) Promotion of community-based, breeding and husbandry/fattening of small ruminants and poultry for consumption and sale. Sheds for fattening will be built, as well as wells with separated areas of distribution for humans and animals. Starter kits including feed and drug for animals as well as vaccination kits and ear-tagging pliers. Support (mentoring) and advisory services will also be provided.

Component B. Capacity Building

This component shall strengthen the focus in cross-cutting issues like good local governance, leadership training for kafo members and community leaders, as well as awareness on gender and equity issues, health and improved water management.

This component includes the following subcomponents:

- B1) Capacity building for staff of the MOA involved in extension service delivery and incentive for MOA to proceed with training of kafos and community members on improved animal husbandry practices, market oriented production, crop management, improved water management, use of composting, etc.
- B2) Training and capacity building for kafo members in Good Agricultural Practices (GAP), entrepreneurship development, including accounting skills, savings mobilisation, health awareness, good local governance.

Component C. Project Coordination

The Project shall be implemented by the team appointed as the Project Coordination Unit (PCU) for Project LHDP within the CPCU of the MOA. The Projects and Programmes Monitoring and Evaluation Committee (PPMEC) shall act as the Steering Committee

II. Implementation Arrangements

1. Lead Project Agency

1.1 *Designation.* The MOA, through its CPCU, in its capacity as Lead Project Agency, shall have overall responsibility for the implementation of the Project.

1.2 *Responsibilities.* The Lead Project Agency shall provide oversight to the Project and liaise with the Fund during Project implementation.

2. Projects and Programmes Monitoring and Evaluation Committee (PPMEC)

2.1 *Designation and Responsibilities.* The PPMEC already established by MOA shall be designated to act as steering committee for the Project and shall provide overall policy guidance, review performance of PCU staff and implementing partners, and approve the annual work plans and budgets (AWPBs).

2.2 *Composition.* The PPMEC is composed of the members designated by the MOA. IFAD would emphasize the inclusion of beneficiaries' representatives.

3. Project Coordination Unit (PCU)

3.1 *Establishment.* A shared Project Coordination Unit (PCU) for the AfDB and IFAD co-financed projects has been established by the CPCU. The PCU is composed of a Project Director and the technical and support staff required for Project implementation. The PCU staff has been recruited under annually renewable performance-based contracts and the Fund's grant shall complete the composition of the PCU, recruiting a Monitoring and Evaluation Officer through the same established procedures.

3.2 *Responsibilities.* The PCU is responsible for the day to day implementation of Project activities and overall management of the Project.

4. Production, processing and marketing of livestock and horticultural products Component

4.1 This Component shall rehabilitate/modernize existing gardens operated by women in kafos, create experimental garden for youths and support backyard husbandry of small ruminants and poultry. The component shall include the marketing studies and targeted research and development shall be undertaken to improve vegetable and animal productivity and marketability. Value chains shall be improved by helping the kafos negotiate mutually beneficial relationships with buyers/suppliers.

4.2 Kafos will receive starter kits of inputs, materials and small equipment for the first Project year and vouchers to pay for services rendered by extension workers. Kafos which require credit shall be assisted in obtaining loans from existing Micro Finance Institutions. As of the second year, it is expected that the costs will be shared by the Recipient and the beneficiaries.

4.3 The implementation of this Component shall involve several partners. The MOA and the National Environment Agency shall supervise and monitor the design and installation on multipurpose water use systems. MOA and other relevant institutions and service providers shall provide training in modern gardening practices. Support and advisory services including extension and technical training shall be provided by the MOA. The MOA and the National Environment Agency shall guide the positioning of wells and water supply systems.

4.4. Works required under this Component shall be carried out by service providers hired on renewable performance-based contracts by the PCU, in accordance with the terms and conditions of this Financing Agreement.

5. Capacity Building Component

5.1. This component includes two subcomponents: extension services delivery, training of frontline staff and training of kafo members in environmentally sound GAP and entrepreneurship development.

5.2. Most of field activities shall be undertaken by the MOA and technical services providers, including those already working with staff from the IFAD-supported Participatory Integrated Watershed Management Project and IFAD Rural Finance Programme as well as experienced NGOs.

5.3. Kafo members shall receive booklets of vouchers which shall be used to pay field workers whose services are considered satisfactory and the payment of such workers shall be based on the number of vouchers submitted.

Schedule 2*Allocation Table*

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

Category	Grant Amount Allocated (expressed in SDR)	Percentage of financing (net of tax)
I. Works	1 430 000	100%
II. Goods	1 440 000	100%
III. Services	1 390 000	100%
IV. Operating costs	120 000	100% net of beneficiaries' contribution
Unallocated	670 000	
TOTAL	5 050 000	

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

“Works” include irrigation works, boreholes, farm buildings.

“Goods” include vehicles, pumps, office equipment and furniture.

“Services” include technical assistance, extension services, training, design & supervision, financial audit.

“Operating costs” excludes operation and maintenance of buildings and office rent.

Schedule 3

Special Covenants

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 the 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:

Tax Exemption. The Recipient shall, to the fullest extent possible, exempt proceeds of the Grant from all taxes. Any taxes which the Project is nonetheless obliged to pay shall be promptly reimbursed by the Recipient.

Key reference documents

Country reference documents

Poverty reduction strategy paper

IFAD reference documents

Project design document (PDD) and key files
COSOP

Administrative Procedures on Environmental Assessment

Other miscellaneous reference documents

AfDB Design Document for Livestock and Horticulture Development Project

Logical framework

Narrative Summary	Verifiable indicators (by Gender where possible)	Means of Verification	Assumptions/Risks
Goal			
<ul style="list-style-type: none"> Reduce rural poverty sustainably by raising the incomes of rural producers 	<ul style="list-style-type: none"> Reduction in the prevalence of child malnutrition rates # of HH with improved assets 	<ul style="list-style-type: none"> National household surveys RIMS surveys National statistics 	<ul style="list-style-type: none"> World food crisis makes domestic products competitive
Purpose/Objective			
<ul style="list-style-type: none"> Improve returns to kafo-run horticultural and livestock production Build up capacities at grassroots level Strengthen M&E 	<ul style="list-style-type: none"> Evolution of returns to kafo members aggregated by gender Evolution of demand for advisory services and TA 	<ul style="list-style-type: none"> Periodic verifications of kafo viability RIMS surveys Self evaluations/annual consultations 	<ul style="list-style-type: none"> Strong markets exist for the supported foods Domestic producers can meet those markets
Outputs by component			
<p>A.1 Horticultural Production</p> <p>Community owned, kafo-run vegetable gardens rehabilitated</p> <ul style="list-style-type: none"> Spot blockages in value chains removed Kafos have ready access to TA 	<ul style="list-style-type: none"> Evolution of yields, production and sales Evolution of returns to individual kafo members by gender # of kafo members trained % of those trained with better understanding of improved agricultural production techniques 	<ul style="list-style-type: none"> Project Reports Kafo records MoU/Contracts Annual consultations 	<ul style="list-style-type: none"> Government import policy will take account of both domestic production and WTO guidelines Input will be readily available
<p>A2 Livestock production</p> <ul style="list-style-type: none"> Community-owned, kafo-run complexes for small ruminants and poultry raising rehabilitated/built Kafos have ready access to TA 	<ul style="list-style-type: none"> Evolution of mortalities, weight gains and sales Evolution of returns to kafo members by gender # of kafo members trained % of those trained with better understanding of improved livestock breeding techniques 	<ul style="list-style-type: none"> As above 	<ul style="list-style-type: none"> As above
<p>B1 Extension services delivery</p> <ul style="list-style-type: none"> Competent and efficient service delivery is assured 	<ul style="list-style-type: none"> % of kafo members with improved access to advisory services by gender Degree of satisfaction among kafo members 	<ul style="list-style-type: none"> Kafo records Line dept. activity reports Annual consultations 	<ul style="list-style-type: none"> Extension and animal health support services will be delivered efficiently
<p>B2 Capacity building grassroots:</p> <ul style="list-style-type: none"> Training in good agricultural practices (GAP), group entrepreneurship and good governance provided 	<ul style="list-style-type: none"> Evolution of viability of kafo-run production units # of kafo members trained by gender 	<ul style="list-style-type: none"> Project reports Activity reports by NGOs and consultants Annual consultations 	<ul style="list-style-type: none"> NGOs with the required expertise exist in-country
<p>C1 M&E Officer recruited</p>	<ul style="list-style-type: none"> M&E findings used for preparing AWPBs M&E system operated in close collaboration with other IFAD funded projects Hard data available for impact assessment 	<ul style="list-style-type: none"> Project reports AWPBs RIMS reports 	<ul style="list-style-type: none"> Advantages of M&E will be recognized by all stakeholders
<p>Information education communication</p>	<ul style="list-style-type: none"> % of kafo members with sound understanding of project activities and benefits 	<ul style="list-style-type: none"> Periodic verifications of IEC outreach 	<ul style="list-style-type: none">
<p>C2 RIMS surveys designed/conducted</p>	<ul style="list-style-type: none"> Findings permit validation of impact on child nutrition and HH assets 	<ul style="list-style-type: none"> RIMS reports 	<ul style="list-style-type: none">
<p>C3 Financial audits of IFAD grant conducted annually</p>	<ul style="list-style-type: none"> No serious shortcomings are detected 	<ul style="list-style-type: none"> Auditor's report 	<ul style="list-style-type: none">
<p>C4 Participatory self evaluation and annual consultations conducted annually</p>	<ul style="list-style-type: none"> Recommendations are incorporated into AWPBs 	<ul style="list-style-type: none"> AWPBs 	<ul style="list-style-type: none">

