

Document: EB 2010/LOT/P.1/Rev.1  
Date: 6 December 2010  
Distribution: Public  
Original: English

**A**



تمكين السكان الريفيين الفقراء  
من التغلب على الفقر

: _____ : _____ <b>Lima F. Chicca</b>	: _____ : _____ <b>Esther Kasalu-Coffin</b>
+39 06 5459 2462 : <a href="mailto:l.chicca@ifad.org">l.chicca@ifad.org</a> :	+39 06 5459 2331 : <a href="mailto:e.kasalu-coffin@ifad.org">e.kasalu-coffin@ifad.org</a> :

---

**ii**

**iii**

**1**

**1**

1

1

3

3

4

5

5

6

7

8

8

**9**

**9**

10

1

2

-

-

-

-

-

-

-

-

-

-

-

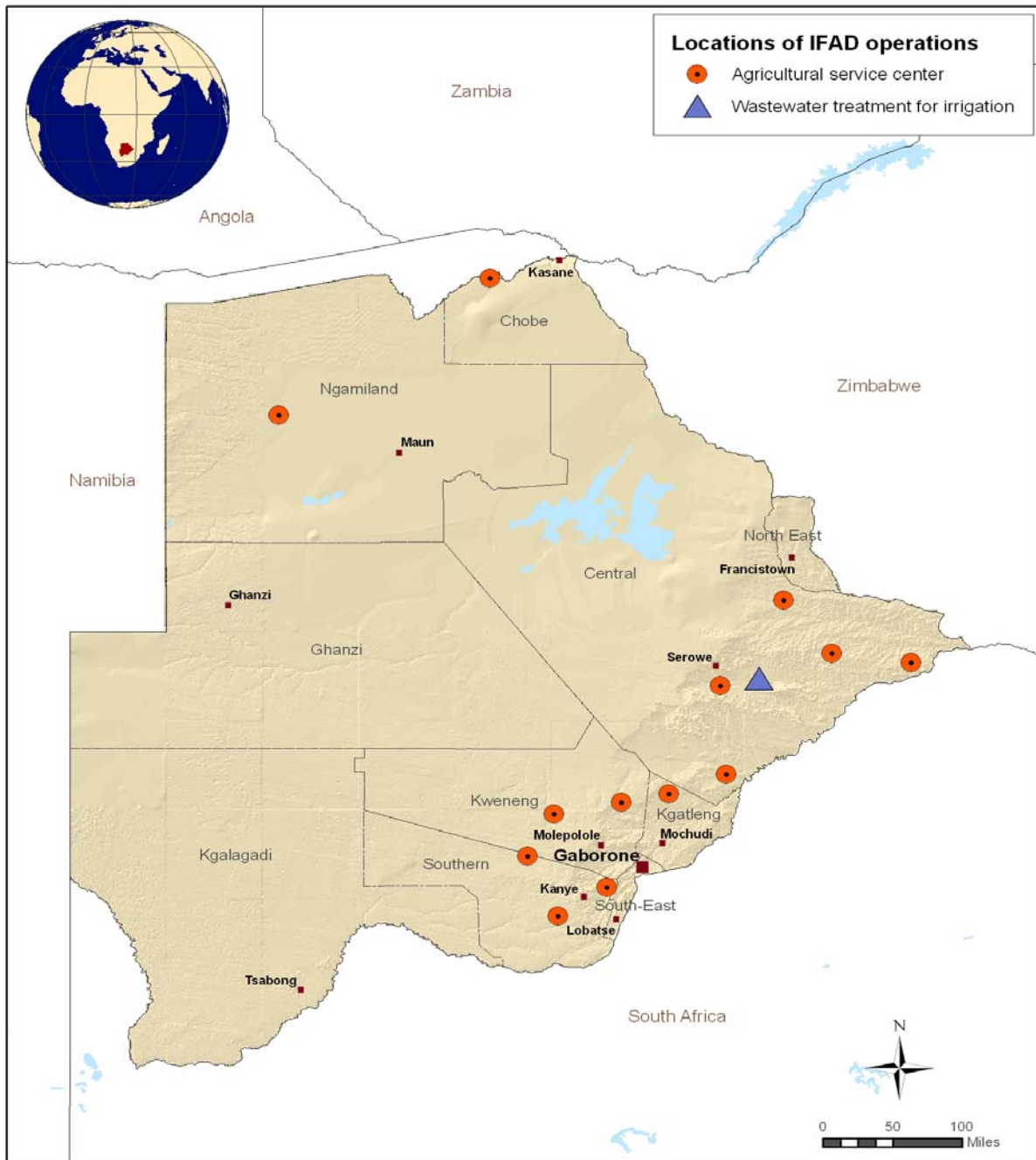
-

-

-

-

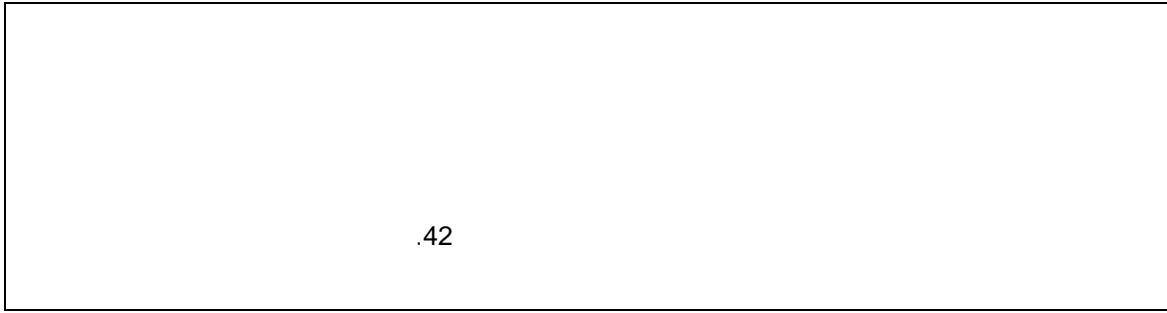
-



16.2.2010







.42

مقترح تقديمها قرض

-

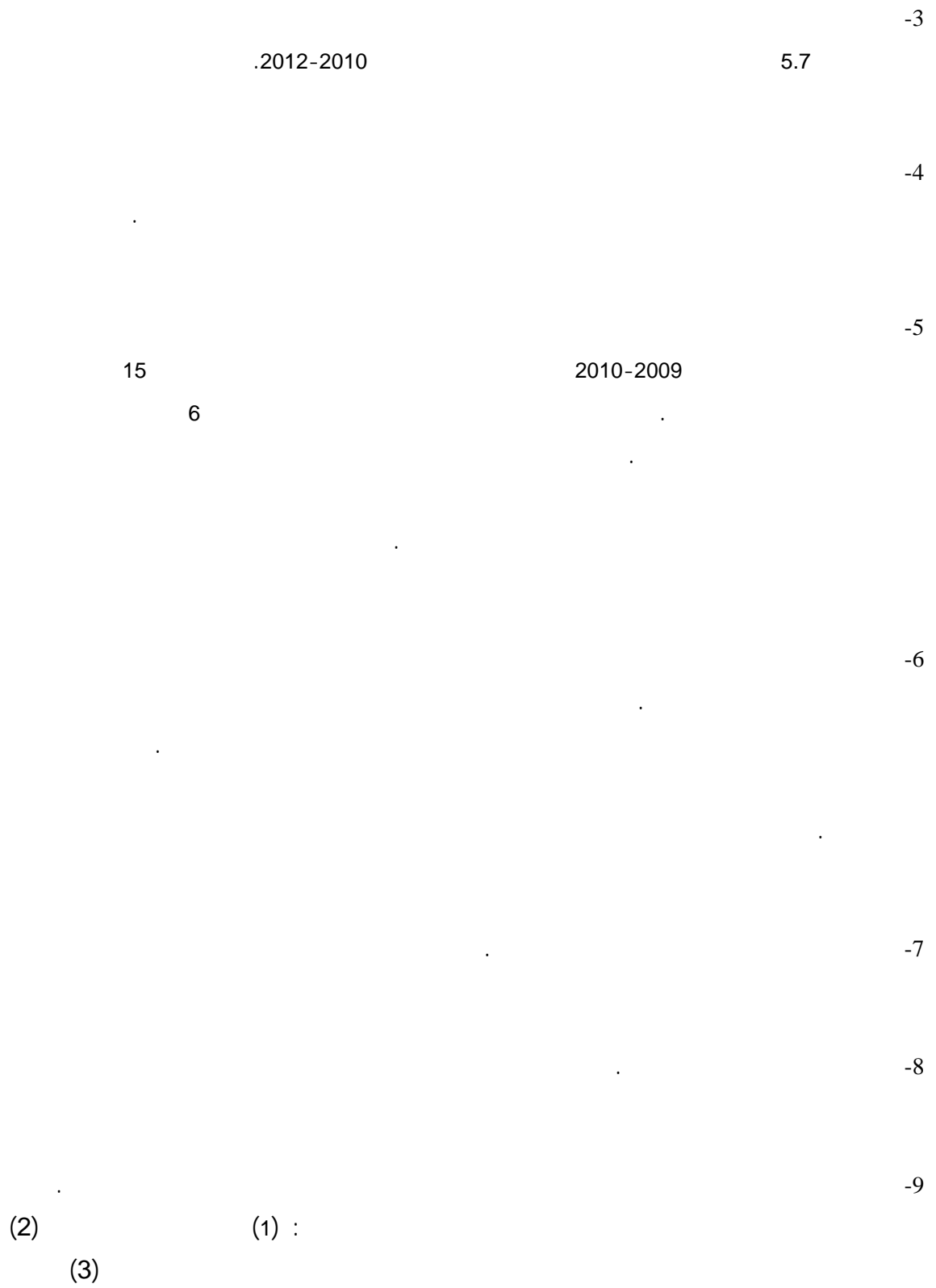
-

-1

-

-2

1.025 2.6 ( 4.04 )  
( 1.61 )  
3 18



-

20 000

-10

(2)

(1) :

(3)

(4)

-11

(1) :

(3)

(2)

-12

-

-13

-14

(2)

(1) :

(4)

(3)

2009 /

-15

2010-2007

(2)

(1) :

(3)

-

-

-16

2016

-17

:

(2016-2010)



-

(2) (1) : -18

(3)

(3) (2) (1) : -19

(4)

-

-20

-21

-22

)

:

(

-23

-

-

-24

25.02

-25

( 53.5) ( 22.5)  
.( 22.8) ( )

:  
( 1.2)

-

20 000

-26

(3)

(2)

(1) :

-27

(1.0)

0.25

-28

-29

26

-

-30

" "

-31

-32

-33

-

(2)

(1) :

-34

(3)

(1)

-35

(2)

(3)

" "

-36

-

-37



## Negotiated financing agreement: "Agricultural Services Support Programme"

(Negotiations concluded on 12 November 2010)

Loan Number: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Project Title: Agricultural Services Support Project (ASSP) (the "Project")

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

and

the Government of the Republic of Botswana (the "Borrower/Recipient")

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

hereby agree as follows:

### Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
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 Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

### Section B

1.
  - A. The amount of the Loan is SDR 2 600 000.
  - B. The amount of the Grant is SDR 1 025 000.
2. The Loan is granted on Ordinary Terms with a maturity period of eighteen years.
3. The Loan Service Payment Currency shall be the US Dollar.
4. The first day of the applicable Fiscal Year shall be 1 April.
5. Payments of principal and interest shall be payable on each 1 April and 1 October.
6. The Borrower/Recipient shall contribute to the Project the amount of USD 13 382 000.

**Section C**

1. The Lead Project Agency shall be the Department of Crop Production of the Borrower/Recipient's Ministry of Agriculture.
2. The following are designated as additional Project Parties: The Ministry of Finance and Development Planning (MFDP); the Ministry of Environment, Wildlife and Tourism (MEWT); and the Ministry of Local Government (MLG).
3. The Project Completion Date shall be the fifth anniversary of the date of entry into force of this Agreement.

**Section D**

The Fund shall administer the financing and supervise the Project.

**Section E**

1. The following is designated as an additional general condition precedent to withdrawal: the Lead Project Agency shall have nominated qualified persons acceptable to the Fund for the following positions in the Project Management Team: (i) the Project Manager; (ii) the Financial Controller; (iii) the Procurement Officer; (iv) the Monitoring and Evaluation Officer; (v) the Knowledge Management Officer; and (vi) two support staff.
2. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

**For the Fund:**

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

**For the Recipient:**

The Minister of Finance  
Ministry of Finance and  
Development Planning  
Private Bag 008  
Gaborone, BOTSWANA

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 Borrower.

\_\_\_\_\_  
For the Fund

\_\_\_\_\_  
For the Borrower

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Project Overview.* In July 2008 the Government of Botswana launched the Integrated Support Programme for Arable Agricultural Development (ISPAAD), which is the main development initiative in the arable agriculture sub-sector. The objective of ISPAAD is to increase agricultural productivity and production from rainfed agriculture by providing a range of input subsidies on seeds, fertiliser, fencing, land preparation and planting, as well as the purchase of tractors and the establishment of Agricultural Service Centres (ASCs). The Project is closely aligned with ISPAAD and aims to improve the effectiveness of this major initiative.

2. The Project shall be directed towards helping ISPAAD become a more effective instrument of rural poverty reduction and food security. The **four main thrusts** of the Project shall be:

- (i) a shift in emphasis from horizontal expansion of rainfed agriculture to improvement in agricultural productivity through lower-cost mechanisation options combined with improved rainfed crop agronomy;
- (ii) more effective service delivery to farmers through the ASCs and the extension system generally;
- (iii) a pilot scheme to develop and demonstrate a viable model for small-scale irrigation using treated wastewater; and
- (iv) institutional strengthening aimed at improving the effectiveness of ISPAAD and enhance the capacity of the Ministry of Agriculture to undertake monitoring and evaluation and information management.

3. *Project Goal and Objective.* The **goal** of the Project is to contribute to economic diversification, reduction of rural poverty and food insecurity, and improved livelihoods of rural communities. The specific **development objective** is to achieve a viable and sustainable smallholder agricultural sector based on farming as a business, and not reliant on subsidies or welfare measures.

4. *Project Area.* The Project shall be implemented in all districts, sub-districts and Extension Areas supported by ISPAAD. Whilst some activities will be anchored to the 15 ASCs that will be established, others will be undertaken in Extension Areas that are not within the operating radius of the ASCs, generally regarded as being about 20-30 km.

5. *Target Population.* The Project shall target approximately 20,000 farming households, some of which may have more than one active farmer (e.g. husband, wife, and adult children). The primary target group shall be smallholders experiencing household food and income insecurity, but with the potential to benefit from improved agricultural services and technologies. Within this population there are four principal groups to be targeted:

- (i) smallholder households hiring tractors for land preparation and planting;
- (ii) households who continue to cultivate at least part of their land using draught animals (and may hire out their draught power to others);
- (iii) women as smallholder farmers in their own right, as well as women in married households; and



- (iv) youth who are currently engaged, or potential new entrants into smallholder agriculture.
6. In addition, selected smallholders will participate in the small-scale irrigation scheme to be established at Palapye. Deliberate efforts shall be made to reach smallholders affected by HIV/AIDS and develop livelihood skills, including food production, among orphans.
7. Emerging commercial smallholders, tractor owners, tractor drivers, machinery dealers, mechanics, agro-dealers, agricultural extension and crop production staff, permanent farm workers and casual labourers working on larger farms will also benefit indirectly from the Project.
8. The Project shall have **three components**:
- (i) **Sustainable Agricultural Production:** This component will aim to achieve a sustainable increase in smallholder agricultural productivity by bridging the gap between current and potential rainfed crop yields, and to demonstrate a viable model for use of wastewater for smallholder irrigation, under three sub-components, namely, (i) Agricultural Mechanisation; (ii) Improved Rainfed Agricultural Practices; and (iii) Pilot Scheme for Smallholder Wastewater Irrigation.
  - (ii) **Enabling Environment for Smallholder Agriculture:** This component will align the relevant local institutional framework and development interventions to ensure better penetration of services to targeted beneficiaries. It will also aim to ensure that farmers and farmer organisations have the capacity to benefit from improved service delivery, including a range of services to be provided through the ASCs and the extension system in general, which will complement and improve the effectiveness of the ISPAAD programme. There shall be three sub-components, (i) Improved Extension Services; (ii) Agricultural Service Centres; and (iii) Institutional Strengthening.
  - (iii) **Project Management:** This component shall ensure that the Project is efficiently and effectively implemented.

## II. Implementation Arrangements

9. The Project shall be implemented over five years beginning in 2011, coinciding with the completion of the current three-year ISPAAD funding cycle (2008/9-2010/1) and run through to the end of the NDP10 period in March 2016. There shall be a mid-term review at the end of Project Year 2.
10. Overall responsibility for Project implementation shall rest with the Department of Crop Production of the Ministry of Agriculture, which is also responsible for the implementation of ISPAAD. Implementation at field level shall take place through the decentralised administration framework at district, sub-district, Extension Area levels, and the network of ASCs to be established. The Ministry of Agriculture Departments of Extension Services and Agricultural Research shall have specific implementation responsibilities as will be defined in the Project Implementation Manual. A Project Management Team shall be established within the Department of Crop Production, and oversight of Project implementation will take place through a Project Steering Committee.

11. *Programme Implementation Manual.* The Project Management Team, within the Crop Production Department of the Ministry of Agriculture will finalise the Programme Implementation Manual (PIM), which will include a Financial Management Manual. The Crop Production Department shall submit the PIM to the Project Steering Committee for approval. When so approved, the Crop Production Department shall forward the PIM to the Fund for comments and no objection.

## Schedule 2

### Allocation Table

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

Category	Loan Amount Allocated (SDR)	Grant Amount Allocated (SDR)	Overall Percentage of financing
I. Vehicles, Equipment and Materials	950 000	145 000	17% of total expenditures net of tax
II. Civil Works for the Irrigation Pilot Scheme		210 000	100% net of tax, excl. farmers' participation
III. Technical Support, On-Farm Research and Studies: (a) Pilot Scheme for Smallholder Wastewater Irrigation (b) All other subcomponents	560 000	365 000	100% net of tax and cofinancing
IV. Improvement of Extension Outreach	970 000	230 000	100% net of tax and cofinancing
Unallocated	150 000	75 000	
<b>TOTAL</b>	<b>2 600 000</b>	<b>1 025 000</b>	

2. *Apportionment of Expenditures.* Each eligible expenditure in categories I and IV shall be apportioned pro rata between the Loan and the Grant amounts allocated above.

3. *Definition.* "Unallocated" means proceeds retained to cover physical and price contingencies.

## Key reference documents

### Country reference documents

- Botswana Demographic Survey Report, 2006.
- Population Projections for Botswana, 2001-2031.
- National Development Plan-10 (NDP-10), Volumes 1 & 2.
- Ten Year Implementation Program for the National Master Plan for Arable Agriculture and Dairy Development (NAMPAADD).
- The Integrated Support Program for Arable Agricultural Development (ISPAAD) – Annual Report for the Cropping Season 2008-09.
- Guidelines for the Allocation of Land for Agricultural Purposes – Environmental Criteria.
- Botswana: United Nations Development Assistance Framework (UNDAF), 2010-2016.
- Revised 2004 Botswana Agricultural Census Report.
- Consumer Price Statistics – July 2009.
- Prices Stats Brief, 2008.
- June 2008 Formal Employment Statistics.
- The 2005-06 Labour Force Report.
- Poverty Datum Line for Botswana, 2003.
- Household Income and Expenditure Survey, 2002/03. Main Report –Volume 1.
- National Accounts Statistics – Quarterly Gross Domestic Product, First Quarter 2009.
- National Accounts Statistics – Quarterly Gross Domestic Product, Fourth Quarter 2008.
- Trade between Botswana and other Countries (in Pula) from 2003-2008.

### IFAD reference documents

- Project design document (PDD) and key files
- Project design documents (PDD) Working Papers, namely:
  1. Policy and Institutional Framework
  2. Poverty, Gender and Targeting
  3. Wastewater Reuse for Agriculture
  4. Rainfed Agricultural Development
  5. Knowledge Management and Communication
  6. Land Tenure Security and Equitable Access
  7. Project Implementation
  8. Environmental and Social Review Note
  9. Project Costs
  10. Financial and Economic Analysis
- Preliminary Environmental Impact Assessment (PEIA) Guidelines.

## Logical framework

Results Hierarchy	Indicators a/	Means of Verification	Assumptions
<b>Goal:</b> Contribute to economic diversification, reduction of rural poverty and food insecurity, and improved livelihoods of rural communities.	<ul style="list-style-type: none"> <li>Level 3 RIMS indicators on child malnutrition and household assets.</li> <li>Level of national food self-sufficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Baseline and project completion surveys using standard RIMS questionnaires.</li> <li>Trade statistics.</li> </ul>	
<b>Development Objective:</b> A viable and sustainable smallholder agricultural sector based on farming as a business, and not reliant on subsidies or welfare measures.	<ul style="list-style-type: none"> <li>65% of targeted 20,000 rural HH increase crop income from \$580 to at least \$1,800 per year.</li> <li>50% drop in No of rural households within 20 km of ASCs receiving subsidised agricultural inputs.</li> </ul>	<ul style="list-style-type: none"> <li>Household income and expenditure surveys in Project area.</li> <li>Statistics on payment of agricultural subsidies.</li> </ul>	<ul style="list-style-type: none"> <li>GOB phases out the use agricultural support measures as instruments of increasing crop production.</li> <li>Significant number of rural youth take advantage of opportunity to take up farming as a business.</li> </ul>
<b>Outcome 1:</b> Sustainable increase in smallholder agricultural productivity.	<ul style="list-style-type: none"> <li>Average rainfed crop yields (maize, sorghum) of target households increased from 0.25 to 1.0 t/ha by 2016.</li> <li>Viable model for smallholder wastewater irrigation demonstrated and operational.</li> </ul>	<ul style="list-style-type: none"> <li>Surveys undertaken by ADs and field assistants in Project areas.</li> <li>Crop census in project area.</li> <li>Documented results of pilot Project for smallholder irrigation development.</li> </ul>	<ul style="list-style-type: none"> <li>Absence of prolonged (multi-year) drought periods in next 10 years.</li> <li>Palapye municipality continue to provide sufficient treated wastewater for irrigation scheme.</li> </ul>
<b>Outcome 2:</b> Favourable enabling environment for smallholder agricultural development.	<ul style="list-style-type: none"> <li>A sustainable system of local level institutions for the smallholder sub-sector.</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term review and final evaluation of NDP-10.</li> </ul>	<ul style="list-style-type: none"> <li>GOB adopts more efficient, cost-effective agricultural support system.</li> </ul>
<b>Outcome 3:</b> Project efficiently and effectively managed.	<ul style="list-style-type: none"> <li>Measures of Project performance.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly and annual progress reports.</li> <li>IFAD supervision reports.</li> </ul>	<ul style="list-style-type: none"> <li>Project remains closely linked and complementary to ISPAAD.</li> </ul>

a/ All indicators to be gender disaggregated