

Informe del Presidente**Propuesta de préstamo****Reino de Eswatini****Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala**

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Medida: Se invita a la Junta Ejecutiva a que apruebe la recomendación que figura en el párrafo 51.

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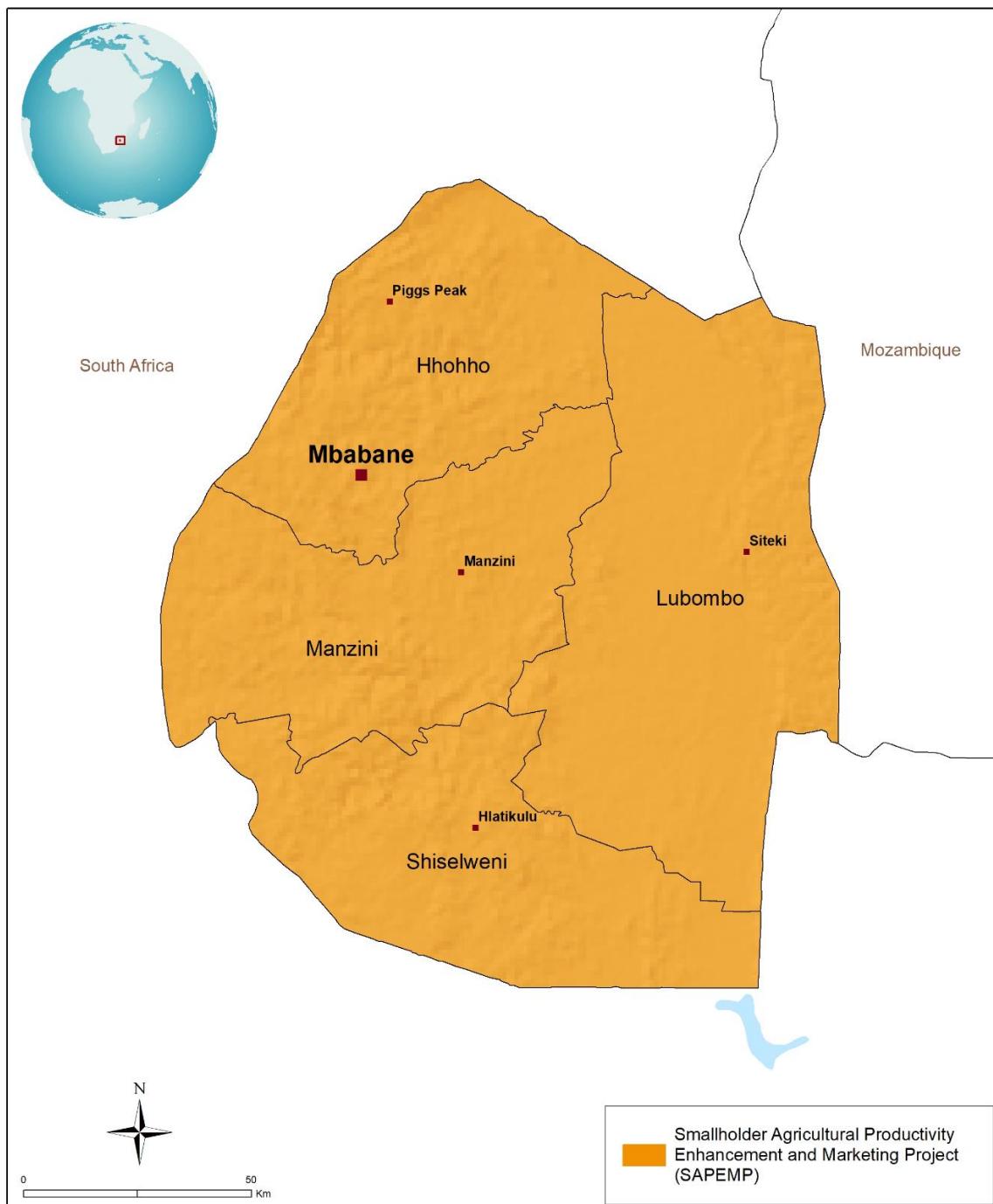
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Mapa de la zona del proyecto



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.

Mapa elaborado por el FIDA | 26-5-2023

Resumen de la financiación

Institución iniciadora:	FIDA
Prestatario/receptor:	Reino de Eswatini
Organismo de ejecución:	Ministerio de Agricultura
Costo total del proyecto:	USD 45,5 millones
Monto del primer préstamo del FIDA:	USD 9,07 millones (Sistema de Asignación de Recursos basado en los Resultados (PBAS))
Condiciones del primer préstamo del FIDA:	Ordinarias: hasta 30 años, incluido un período de gracia de hasta 8 años, sujeto a un interés equivalente a la tasa de interés de referencia del FIDA, incluido un diferencial variable
Monto del segundo préstamo del FIDA:	USD 4,5 millones (Mecanismo de Acceso a Recursos Ajenos (BRAM))
Condiciones del segundo préstamo del FIDA:	Ordinarias: hasta 30 años, incluido un período de gracia de hasta 8 años, sujeto a un interés equivalente a la tasa de interés de referencia del FIDA, incluido un diferencial variable
Cofinanciadores:	Fondo Verde para el Clima, sector privado
Monto de la cofinanciación:	Fondo Verde para el Clima: USD 20,5 millones. Sector privado: USD 3,8 millones
Condiciones de la cofinanciación:	Préstamos, donaciones
Contribución del prestatario/receptor:	USD 5,1 millones
Contribución de los beneficiarios:	USD 2,5 millones
Monto de la financiación del FIDA para el clima:	USD 8,238 millones
Institución cooperante:	Proyecto supervisado directamente por el FIDA

I. Contexto

A. Contexto nacional y justificación de la actuación del FIDA

Contexto nacional

1. Pese a que el Reino de Eswatini pertenece al grupo de países de ingreso mediano bajo, el 69 % de su población rural vive por debajo del umbral de pobreza nacional y el 25 % es extremadamente pobre. La pobreza rural en Eswatini obedece principalmente a la dependencia de la agricultura de subsistencia, la falta de oportunidades rentables para generar ingresos y empleo decente, los elevados índices de dependencia, la desigualdad de género y el VIH/sida.
2. Más del 70 % de la población del país se gana la vida con la agricultura de subsistencia. La producción consiste predominantemente en cultivos de secano, con el maíz como principal cultivo básico. Alrededor del 43 % de los hogares se dedica a cultivos comerciales, como hortalizas, legumbres y frutas. Más del 70 % de las necesidades alimentarias de Eswatini se cubren con importaciones, en su mayoría procedentes de Sudáfrica.
3. La Política Integral del Sector Agrícola (2005) constituye el marco normativo general del país por el que se rigen las inversiones en el sector agrícola. Las prioridades de Eswatini se detallan en el Plan Nacional de Desarrollo Estratégico (2018-2019 y 2022-2023) y en el Plan Estratégico para la Agricultura (2018-2023). En ambos instrumentos se hace hincapié en la necesidad de aumentar la producción y la comercialización agrícolas, mejorar la seguridad alimentaria y nutricional y reducir la dependencia de las importaciones. El país está preparando el segundo Plan Nacional de Inversiones Agrícolas de Eswatini, en el que se establecen las prioridades del país para el próximo período. Otras políticas de apoyo pertinentes para la agricultura en pequeña escala, la reducción de la pobreza rural y la mejora de la seguridad alimentaria son la Estrategia Nacional de Desarrollo (1997-2022); el Plan de Acción de la Estrategia de Reducción de la Pobreza (2007); la Política Nacional de Cambio Climático (2016); la Política sobre la Alimentación y la Nutrición (2016), y la Política Nacional sobre los Recursos Hídricos (2018).

Aspectos específicos relativos a los temas transversales que el FIDA debe incorporar de forma prioritaria

4. En consonancia con los compromisos transversales del FIDA, el proyecto ha sido validado como proyecto que tiene en cuenta lo siguiente:
 - La financiación para el clima
 - Una perspectiva transformadora de género
 - La nutrición
 - La gente joven
5. **Cambio climático y medio ambiente.** Eswatini es muy vulnerable al cambio climático y a los fenómenos meteorológicos extremos; ocupa el puesto 137 de entre 181 países en el índice ND-GAIN de 2020. Se prevé que las emisiones de gases de efecto invernadero de todos los sectores aumenten hasta 33,4 MtCO₂e de aquí a 2030 (el 34 % procedentes de la agricultura). La degradación de la tierra es una de las principales causas de la baja productividad agrícola y de la disminución de los servicios ecosistémicos e ingresos de las comunidades locales. En el marco del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se efectuarán inversiones con el fin de mejorar la resiliencia y la adaptación al cambio climático, así como la mitigación de sus efectos, y fomentar la gestión integrada de los recursos naturales.

6. **Igualdad de género e inclusión social.** Eswatini ha avanzado hacia la igualdad de género y ocupa el puesto 58 de entre 146 países. Ha firmado convenios internacionales fundamentales, como la Convención sobre la Eliminación de Todas las Formas de Discriminación contra la Mujer. Eswatini cuenta con una Política Nacional en materia de Género (2010), y la Unidad de Cuestiones de Género y Familia, dependiente de la Oficina del Viceprimer Ministro, dispone de personal de contacto para cuestiones de género en los principales ministerios. Las mujeres constituyen más del 60 % de la mano de obra agrícola como consecuencia de la emigración masculina y se dedican a la agricultura de subsistencia de maíz y legumbres.
7. **Juventud.** Las personas de entre 15 y 35 años, que representan el 30 % de la población del país, viven principalmente en zonas rurales. La gente joven de menor edad (entre 15 y 25 años) tiene menos acceso a bienes y servicios, experiencia laboral y cualificaciones, y recibe una remuneración más baja. La gente joven de mayor edad (entre 26 y 35 años) suele optar por emigrar en busca de empleo y mejores oportunidades. Las mujeres jóvenes de las zonas rurales se enfrentan a tasas de desempleo más elevadas que los hombres (un 51,2 % frente a un 43,6 %). Más del 45 % de la gente joven está desempleada y sus perspectivas de encontrar un empleo decente y sostenible son reducidas.
8. **Seguridad alimentaria y nutricional.** Eswatini es un país con déficit de alimentos. En el Índice Global del Hambre de 2022, Eswatini ocupó el puesto 73 de entre 121 países, con una puntuación de 16,3, lo cual indica que el nivel de hambre es moderado. La actual Política Nacional en materia de Nutrición se encuentra desde 2015 en fase de proyecto. En el segundo semestre de 2023 se elaborará una Estrategia Nacional de Seguridad Alimentaria y Nutrición. El Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala también estará en consonancia con la Estrategia Nacional de Integración de la Nutrición de Eswatini (2023-2028).

Razones que justifican la intervención del FIDA

9. La colaboración de larga data del FIDA con el Gobierno de Eswatini en el fomento del desarrollo rural goza de un historial de inversiones de gran impacto en la agricultura que han mejorado la vida de la población rural, incluidos los grupos más vulnerables. Si bien las inversiones financiadas por el FIDA han repercutido significativamente en el sector agrícola de Eswatini, sobre todo en la cadena de valor del azúcar (en el marco del Proyecto de Riego de Pequeñas Explotaciones en la Cuenca Baja del Río Usuthu), en el sector de la financiación rural (en el marco del Programa de Fomento de la Financiación y las Empresas Rurales) y en las cadenas de valor agropecuarias (en el marco del Proyecto de Producción en Pequeña Escala Impulsada por el Mercado), todavía persisten deficiencias que limitan la participación de los pequeños productores en las cadenas de valor comerciales fuera del sector azucarero.
10. El Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala responde a la petición del Gobierno de subsanar las deficiencias existentes en el sector agrícola, entre ellas la baja producción y productividad, la fuerte dependencia de la agricultura de secano, el cambio climático y la degradación del medio ambiente, las elevadas pérdidas posteriores a la cosecha y la falta de coordinación y orientación empresarial de los agricultores.
11. El proyecto se beneficiará de la experiencia y los conocimientos técnicos del FIDA a nivel nacional, regional y mundial en la organización de los agricultores en agrupaciones, forjando asociaciones productivas beneficiosas para todos con empresas de referencia que ayuden a los pequeños agricultores de Eswatini a mejorar la comercialización y la competitividad.

B. Enseñanzas extraídas

12. La evaluación de la estrategia y el programa en el país de los proyectos financiados por el FIDA en Eswatini en el período comprendido entre 2000 y 2021, preparada por la Oficina de Evaluación Independiente del FIDA, junto con las evaluaciones de los proyectos y los informes de las misiones de examen, aportó valiosas enseñanzas a la hora de formular el Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala:
- a) La simplicidad en el diseño y las disposiciones relativas a la ejecución: el diseño del proyecto es sencillo, y consta de dos componentes técnicos que se refuerzan mutuamente.
 - b) La comercialización de la producción de los pequeños agricultores. La experiencia acumulada con el Proyecto de Producción en Pequeña Escala Impulsada por el Mercado y el Proyecto de Inclusión Financiera y Desarrollo de Agrupaciones demuestra que la organización de los agricultores en agrupaciones aumenta sus posibilidades de obtener mejores rendimientos, pero requiere tiempo y un apoyo adaptado a cada caso. En el Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se utilizará un enfoque de graduación que garantice que los agricultores que reciben apoyo tengan suficiente capacidad para establecer asociaciones productivas con actores del sector privado.
 - c) Los mecanismos de apoyo a los vínculos comerciales. Un flujo de información en ambos sentidos entre compradores y productores debe garantizar que los productos y servicios satisfagan las demandas del mercado y que se fomente la confianza para mantener relaciones comerciales a largo plazo mutuamente beneficiosas. En el marco del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se fomentará gradualmente la confianza recíproca vinculando a las empresas rurales y a los pequeños agricultores para establecer asociaciones a largo plazo.
 - d) Pérdidas posteriores a la cosecha. Las consultas realizadas con el Gobierno en el marco del programa sobre oportunidades estratégicas nacionales (COSOP) revelaron que las pérdidas de alimentos tras la cosecha ascienden al 40 %. Durante la ejecución del proyecto se financiarán infraestructuras poscosecha resistentes al clima para reducir las pérdidas y aumentar la producción.

II. Descripción del proyecto

A. Objetivos, zona geográfica de intervención y grupos objetivo

13. El objetivo del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala consiste en contribuir a la reducción sostenible de la pobreza en las zonas rurales de Eswatini. Su objetivo de desarrollo se centra en mejorar de forma sostenible la producción, la nutrición y los ingresos de los pequeños agricultores y aumentar su resiliencia al cambio climático. El proyecto abordará los principales cuellos de botella de las cadenas de valor de las hortalizas y las legumbres. Las cadenas de valor seleccionadas tienen potencial en términos de acceso al mercado y producción durante todo el año, participación de los pequeños agricultores, generación de ingresos, seguridad nutricional y adición de valor.
14. El proyecto tendrá un alcance nacional y se basará en el enfoque programático del FIDA a nivel de los países, aprovechando las intervenciones del Proyecto de Producción en Pequeña Escala Impulsada por el Mercado y el Proyecto de Inclusión Financiera y Desarrollo de Agrupaciones ejecutados en las regiones meridionales. Se espera que el proyecto beneficie directamente a 19 600 hogares de pequeños agricultores, es decir, unas 117 700 personas. En el diseño del proyecto se determinaron los grupos objetivo siguientes: hogares orientados a la

producción (14 100 pequeños agricultores, el 72 % del objetivo del proyecto); hogares pobres (2 000 pequeños agricultores, el 10 % del objetivo del proyecto); agricultores vulnerables desde el punto de vista medioambiental (1 200 hogares, el 6 % del objetivo del proyecto), y hogares casi pobres (2 300 hogares, el 12 % del objetivo del proyecto). Entre los beneficiarios del proyecto habrá un 40 % de mujeres, un 30 % de jóvenes de ambos sexos y un 5 % de grupos vulnerables y personas con discapacidad.

B. Componentes, efectos directos y actividades

15. El proyecto tendrá los componentes siguientes: i) aumentar la producción y la productividad de las cadenas de valor objetivo y mejorar la resiliencia y la nutrición de los hogares de los pequeños agricultores; ii) aumentar los ingresos de los pequeños agricultores rurales procedentes de la comercialización de las cadenas de valor que reciben apoyo, y iii) mejorar la prestación de servicios a través de instituciones gubernamentales y rurales más sólidas. Las actividades del proyecto se organizan en torno a tres componentes que se refuerzan mutuamente.
16. **Componente 1: Aumentar la producción y la productividad de las cadenas de valor objetivo y mejorar la resiliencia y la nutrición de los hogares de los pequeños agricultores.** El objetivo de este componente consiste en mejorar la resiliencia, la producción, la productividad y la nutrición de los pequeños agricultores. Los resultados previstos pueden lograrse si se invierte en infraestructuras para la captación y el almacenamiento de aguas, la protección de las microcuencas, la manipulación posterior a la cosecha y la comercialización. La preparación de planes de desarrollo comunitario aumentará la sostenibilidad general del proyecto y fomentará la movilización y el empoderamiento de la comunidad. Este componente se organiza en torno a los dos subcomponentes siguientes: gestión integrada de los recursos naturales de base comunitaria y la producción y nutrición climáticamente inteligentes, y desarrollo de infraestructuras de producción y de mercado resistentes al clima.
17. **Componente 2: Aumentar los ingresos de los pequeños agricultores rurales procedentes de la comercialización de las cadenas de valor que reciben apoyo.** Este componente tiene como objetivo crear vínculos empresariales satisfactorios entre las agrupaciones de producción graduadas que se desarrollen y las empresas ancla seleccionadas y los intermediarios comerciales identificados, en función de las oportunidades de negocio y de la proximidad geográfica. También servirá para mejorar el acceso financiero de los empresarios de las agrupaciones y de las empresas ancla. Este componente se organiza en torno a los dos subcomponentes siguientes: mejora de los vínculos con el mercado y del acceso a este en las cadenas de valor seleccionadas, y acceso a los servicios financieros ecológicos y de la cadena de valor.
18. **Componente 3: Mejorar la prestación de servicios a través de instituciones gubernamentales y rurales más sólidas.** Se fortalecerán las instituciones públicas para que presten servicios eficaces y respalden la aplicación de políticas favorables fundamentales. El componente promoverá un entorno propicio para lograr los resultados de los otros dos componentes.

C. Teoría del cambio

19. Los medios de vida de los hogares rurales de Eswatini se han vuelto muy vulnerables a los cada vez más adversos efectos del cambio climático, que se ven amplificados por los elevados costos de los insumos, el limitado acceso a los servicios, la escasa producción y consumo de alimentos nutritivos, la falta de organización de los agricultores, la gran dependencia de la lluvia y la inadecuación de las infraestructuras de riego, la escasa disponibilidad de conocimientos y equipos adecuados para la gestión posterior a la cosecha, la falta general de incentivos para atraer la participación de la gente joven y la degradación del medio ambiente.

20. De las enseñanzas extraídas se desprende que empoderar a las comunidades para que gestionen sus recursos naturales y adquieran nuevas destrezas y tecnologías, y facilitarles el acceso a los servicios financieros, puede traducirse en un aumento de la productividad y de los ingresos y en un mayor bienestar para los pequeños agricultores.
21. En el marco del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se utilizará un enfoque comunitario para organizar a los pequeños agricultores en agrupaciones con el fin de lograr una producción y comercialización coordinadas de hortalizas y legumbres. Las agrupaciones tendrán acceso a servicios de extensión y a tecnologías climáticamente inteligentes, lo que les permitirá aumentar la productividad y acceder a los mercados mediante acuerdos ventajosos para todos con actores del sector privado. Además, mediante el proyecto se prestará apoyo a los negocios con espíritu emprendedor en lo que respecta al suministro de insumos, la adición de valor, el transporte y otras esferas que beneficien a la cadena de valor, por medio de la creación de oportunidades de empleo, especialmente para la gente joven. Gracias a la alfabetización financiera y a los vínculos con las instituciones financieras, se mejorará el acceso a los servicios financieros.
22. Si se ponen en práctica con éxito las intervenciones del proyecto, se conseguirá aumentar la producción y la productividad de los cultivos, mejorar la nutrición, empoderar social y económicamente de forma equitativa a las mujeres y la gente joven, aumentar la resiliencia de los pequeños agricultores y de los ecosistemas, y aumentar los ingresos de los hombres, las mujeres, la gente joven y los grupos vulnerables de las zonas rurales pobres.

D. Armonización, sentido de apropiación y asociaciones

23. **Armonización.** El proyecto contribuirá al logro de los siguientes Objetivos de Desarrollo Sostenible (ODS): ODS 1 (fin de la pobreza); ODS 2 (hambre cero); ODS 5 (igualdad de género); ODS 8 (trabajo decente y crecimiento económico), y ODS 13 (acción por el clima). El Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala tiene en cuenta el marco normativo del Gobierno de Eswatini, en particular el segundo Plan Nacional de Inversiones Agrícolas y el Plan Nacional de Desarrollo Estratégico (2018-2019 y 2022-2023). Está en consonancia con el Plan Estratégico para la Agricultura (2018-2023) y las contribuciones determinadas a nivel nacional revisadas en 2021. El proyecto contribuirá al objetivo del COSOP para el período 2022-2027 relativo a Eswatini de reducir la pobreza rural y mejorar la seguridad alimentaria y nutricional sostenible de los hogares pobres. Su focalización se ajusta a las directrices operacionales revisadas del FIDA en la materia (2019). Se promoverá la tecnología de la información y las comunicaciones para el desarrollo a fin de aumentar su impacto, en consonancia con la Estrategia del FIDA de Tecnología de la Información y las Comunicaciones para el Desarrollo. El Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se ajusta al Marco Estratégico del FIDA (2016-2025), su Estrategia y Plan de Acción sobre el Medio Ambiente y el Cambio Climático (2019-2025) y sus Procedimientos para la Evaluación Social, Ambiental y Climática (PESAC, 2021).
24. **Sentido de apropiación y asociaciones.** El Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala recurrirá a procesos participativos de planificación, seguimiento y ejecución. La participación de entidades tradicionales como los comités de desarrollo comunitario y la búsqueda de la armonización con los planes de desarrollo comunitario servirán de apoyo al sentido de apropiación por la comunidad de las intervenciones del proyecto. En la ejecución de las actividades del proyecto se aprovecharán las sólidas asociaciones que el programa del FIDA en Eswatini ha forjado con varios ministerios importantes del Gobierno y entidades paraestatales. Para garantizar el

sentido de apropiación de las intervenciones del proyecto, se planificarán conjuntamente los trabajos anuales y se asignarán recursos a los principales asociados en la ejecución. En el marco del proyecto también se forjarán asociaciones con otros asociados para el desarrollo, como la Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO) en torno a cuestiones climáticas y medioambientales, y el Programa Mundial de Alimentos (PMA) en torno a cuestiones relacionadas con la nutrición y el acceso de los agricultores a los mercados.

E. Costos, beneficios y financiación

25. 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 proyecto asciende a USD 8 238 000.

Costos de proyecto

26. Los costos totales del proyecto se han fijado en unos USD 45,48 millones, incluida una partida para imprevistos. La información detallada se muestra en el cuadro sinóptico que figura a continuación.

Cuadro 1

Costos del proyecto desglosados por componente, subcomponente y entidad financiadora

(en miles de dólares de los Estados Unidos)

Componente/subcomponente	Gobierno		PBAS del FIDA		BRAM del FIDA		Sector privado		Fondo Verde para el Clima		Beneficiarios		Total	
	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%
1. Aumentar la producción y la productividad de las cadenas de valor objetivo y mejorar la resiliencia y la nutrición de los hogares de los pequeños agricultores														
1.1: Gestión integrada de los recursos naturales de base comunitaria y producción y la nutrición climáticamente inteligentes	2 612	14,4	4 086	22,5	1 820	10,0	-	-	8 265	45,5	1 378	7,6	18 160	39,9
1.2: Desarrollo de infraestructuras de producción y de mercado resistentes al clima	1 552	14,0	314	2,8	209	1,9	3 316	30,0	4 559	41,3	1 095	9,9	11 045	24,3
Subtotal	4 164	14,3	4 400	15,1	2 029	6,9	3 316	11,4	12 824	43,9	2 473	8,5	29 205	64,2
2. Aumentar los ingresos de los pequeños agricultores rurales procedentes de la comercialización de las cadenas de valor que reciben apoyo														
2.1: Mejora de los vínculos con el mercado y el acceso a este en las cadenas de valor seleccionadas	463	12,3	423	11,2	751	19,9	438	11,6	1 700	45,0	-	-	3 775	8,3
2.2: Acceso a los servicios financieros ecológicos y de la cadena de valor	100	2,4	1 337	32,1	416	10,0	64	1,5	2 248	54,0	-	-	4 164	9,2
Subtotal	563	7,1	1 760	22,2	1 167	14,7	502	6,3	3 948	49,7	-	-	7 939	17,5
3. Mejorar la prestación de servicios a través de instituciones gubernamentales y rurales más sólidas														
3.1: Apoyo en materia de políticas y fortalecimiento institucional	49	3,4	483	33,1	255	17,5	-	-	671	46,0	-	-	1 458	3,2
3.2: Coordinación del proyecto	341	5,0	2 429	35,3	1 049	15,3	-	-	3 057	44,5	-	-	6 876	15,1
Subtotal	390	4,7	2 911	34,9	1 304	15,7	-	-	3 728	44,7	-	-	8 334	18,3
Total	5 117	11,3	9 070	19,9	4 500	9,9	3 818	8,4	20 500	45,1	2 473	5,4	45 478	100,0

Cuadro 2

Costos del proyecto desglosados por categoría de gasto y entidad financiadora
 (en miles de dólares de los Estados Unidos)

Categoría de gasto	Gobierno		PBAS del FIDA		BRAM del FIDA		Sector privado		Fondo Verde para el Clima		Beneficiarios		Total	
	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%
Costos de inversión														
Asistencia técnica y consultorías	0	-	943	24,5	641	16,6	188	4,9	2 044	53,0	41	1,1	3 857	8,5
Donaciones y subvenciones	-	-	45	15,9	67	23,6	-	-	170	60,5	-	-	282	0,6
Bienes, servicios e insumos	1 165	15,0	1 294	16,7	1 187	15,3	748	9,6	2 889	37,2	481	6,2	7 763	17,1
Capacitación, talleres y reuniones	1 751	15,0	2 742	23,5	1 212	10,4	314	2,7	5 348	45,8	307	2,6	11 676	25,7
Obras públicas	1 903	15,0	636	5,0	447	3,5	2 568	20,2	5 492	43,3	1 644	13,0	12 689	27,9
Fondos de crédito y garantía	-	-	920	35,0	263	10,0	-	-	1 445	55,0	-	-	2 628	5,8
Total de costos de inversión	4 819	12,4	6 580	16,9	3 817	9,8	3 818	9,8	17 389	44,7	2 473	6,4	38 895	85,5
Gastos recurrentes														
A. Sueldos y prestaciones	0	-	1 840	40,0	460	10,0	-	-	2 300	50,0	-	-	4 601	10,1
B. Costos de funcionamiento	297	15,0	650	32,8	223	11,3	-	-	811	40,9	-	-	1 982	4,4
Total de gastos recurrentes	297	4,5	2 491	37,8	683	10,4	-	-	3 111	47,3	-	-	6 583	14,5
Total	5 117	11,3	9 070	19,9	4 500	9,9	3 818	8,4	20 500	45,1	2 473	5,4	45 478	100,0

Cuadro 3

Costos del proyecto desglosados por componente, subcomponente y año del proyecto

(en miles de dólares de los Estados Unidos)

Componente/subcomponente	Primer año del proyecto		Segundo año del proyecto		Tercer año del proyecto		Cuarto año del proyecto		Quinto año del proyecto		Sexto año del proyecto		Séptimo año del proyecto		Octavo año del proyecto		Total
	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	
1. Aumentar la producción y la productividad de las cadenas de valor objetivo y mejorar la resiliencia y la nutrición de los hogares de los pequeños agricultores																	
1.1: Gestión integrada de los recursos naturales de base comunitaria y producción y nutrición climáticamente inteligentes	2 495	13,7	2 441	13,4	2 788	15,4	3 546	19,5	3 650	20,1	2 659	14,6	578	3,2	3	0,0	18 160
1.2: Desarrollo de infraestructuras de producción y de mercado resistentes al clima	261	2,4	2 752	24,9	2 907	26,3	3 009	27,2	1 134	10,3	964	8,7	17	0,2	-	-	11 045
Subtotal	2 756	9,4	5 194	17,8	5 695	19,5	6 555	22,4	4 784	16,4	3 623	12,4	595	2,0	3	0,0	29 205
2. Aumentar los ingresos de los pequeños agricultores rurales procedentes de la comercialización de las cadenas de valor que reciben apoyo																	
2.1: Mejora de los vínculos con el mercado y el acceso a este en las cadenas de valor seleccionadas	660	17,5	506	13,4	649	17,2	586	15,5	485	12,8	447	11,9	289	7,7	152	4,0	3 775
2.2: Acceso a los servicios financieros ecológicos y de la cadena de valor	2 731	65,6	391	9,4	628	15,1	133	3,2	137	3,3	142	3,4	-	-	-	-	4 164
Subtotal	3 392	42,7	897	11,3	1 277	16,1	718	9,0	622	7,8	590	7,4	289	3,6	152	1,9	7 939
3. Mejorar la prestación de servicios a través de instituciones gubernamentales y rurales más sólidas																	
3.1: Apoyo en materia de políticas y fortalecimiento institucional	761	52,2	63	4,3	76	5,2	159	10,9	70	4,8	72	4,9	75	5,1	182	12,5	1 458
3.2: Coordinación del proyecto	1 178	17,1	713	10,4	740	10,8	766	11,1	963	14,0	821	11,9	849	12,4	845	12,3	6 876
Subtotal	1 938	23,3	776	9,3	817	9,8	925	11,1	1 033	12,4	893	10,7	924	11,1	1 028	12,3	8 334
Total	8 087	17,8	6 867	15,1	7 789	17,1	8 199	18,0	6 439	14,2	5 105	11,2	1 808	4,0	1 183	2,6	45 478

Estrategia y plan de financiación y cofinanciación

27. El proyecto se financiará mediante contribuciones de los financiadores siguientes: i) un préstamo de USD 9,07 millones con arreglo al Sistema de Asignación de Recursos basado en los Resultados (PBAS) del FIDA; ii) un préstamo de USD 4,5 millones de dólares con arreglo al Mecanismo de Acceso a Recursos Ajenos (BRAM) del FIDA, y iii) una contribución por valor de USD 20,5 millones del Fondo Verde para el Clima. La cofinanciación nacional incluirá: i) el Gobierno, que contribuirá con cerca de USD 5,1 millones (incluida la exención de aranceles e impuestos); ii) el sector privado, que se prevé contribuya con USD 3,8 millones, y iii) los beneficiarios, que se espera que aporten USD 2,5 millones, aproximadamente.

Desembolsos

28. El FIDA proporcionará financiación con arreglo al PBAS y el BRAM, junto con la financiación del Fondo Verde para el Clima. Dado que el FIDA goza del reconocimiento del Fondo Verde para el Clima, los fondos se transferirán del FIDA al Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala. Para garantizar una gestión adecuada y la separación de estos fondos, se abrirán cuentas designadas independientes para cada fuente de financiación. Una vez que el Ministerio de Finanzas haya firmado los convenios de financiación por separado tanto con el FIDA como con el Fondo Verde para el Clima, se abrirán en el Banco Central de Eswatini dos cuentas designadas distintas en dólares de los Estados Unidos, una para la financiación del FIDA y otra para la del Fondo Verde para el Clima. Cada cuenta designada estará también vinculada a una cuenta bancaria operativa en moneda local. Todas las actividades financieras del proyecto se registrarán en el sistema contable y se comunicarán al FIDA y al Gobierno. Además, la Unidad de Gestión del Proyecto (UGP) abrirá una cuenta bancaria en moneda local para la recepción de los fondos de contrapartida del Gobierno. Las retiradas de fondos de todas las cuentas designadas se efectuarán de acuerdo con las directrices de desembolsos del FIDA. Para garantizar que estas cuentas se repongan a tiempo, la UGP presentará informes financieros trimestrales y previsiones de tesorería al FIDA.

Resumen de los beneficios y análisis económico

29. El grupo objetivo del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala obtendría beneficios de: i) el aumento de la disponibilidad de agua para fines productivos; ii) la diversificación de las actividades productivas y las fuentes de ingresos; iii) el aumento de la disponibilidad de alimentos para la población pobre de las zonas rurales; iv) el incremento del valor añadido de los productos agrícolas; v) el aumento de la eficiencia de la elaboración gracias a tecnologías innovadoras y la mejora de la infraestructura; vi) el aumento de la calidad de los productos elaborados, con lo que se conseguirán precios más elevados en el mercado local; vii) el incremento del empleo, ya sea de mano de obra contratada o familiar, tanto para las actividades agrícolas como para las no agrícolas, y viii) los ingresos fiscales como consecuencia del mayor volumen de la producción imponible.
30. El análisis económico ha confirmado la conveniencia de la inversión desde el punto de vista de la sociedad. El valor actual neto (VAN) económico del proyecto para un período de 20 años, con una tasa de descuento del 8 %, asciende a USD 139 millones, lo que arroja una tasa interna de rendimiento económico (TIRE) del 22 %. Del análisis de sensibilidad se desprende que el proyecto dejaría de ser viable si: i) los costos de inversión aumentan un 47 %; ii) los costos de funcionamiento aumentan un 10 %; iii) los beneficios disminuyen un 5 %; iv) los costos de los insumos aumentan un 96 %; v) los precios de la producción disminuyen un 45 %, o vi) el número de hogares beneficiarios que participan en actividades productivas es inferior a 3 000.

Estrategia de salida y sostenibilidad

31. Un elemento decisivo de la estrategia de salida del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala es forjar con éxito asociaciones productivas entre los actores clave de la cadena de valor, lo que permitirá a los pequeños agricultores y a sus agrupaciones recibir servicios e insumos a través de un mecanismo económicamente sostenible y establecer relaciones a largo plazo con el sector privado. Las empresas ancla proporcionarán el factor de estímulo de la demanda y la dirección general del desarrollo de la cadena de valor para establecer asociaciones productivas beneficiosas para todas las partes a largo plazo, que se espera que continúen una vez haya finalizado el proyecto.
32. El establecimiento del mecanismo de financiación para el clima y el apoyo político a la ecologización de las carteras del sector privado crearán opciones a largo plazo y un entorno propicio para la financiación para el clima. El fomento de la capacidad de las instituciones financieras para desarrollar nuevos productos y métodos de prestación de servicios dirigidos a los pequeños agricultores atraerá a otros proveedores de servicios financieros, lo que contribuirá a la prestación sostenible de servicios financieros. El enfoque, los resultados, los acuerdos institucionales y los datos contrastados para la elaboración de políticas del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se integrarán gradualmente en las funciones cotidianas de las instituciones pertinentes, garantizando así la sostenibilidad una vez haya finalizado el proyecto.

III. Gestión de riesgos

A. Riesgos y medidas de mitigación

33. Los riesgos inherentes y residuales generales se clasifican respectivamente como **considerables** y **moderados**. Los principales riesgos y sus correspondientes medidas de mitigación se presentan en la matriz integrada de riesgos del proyecto (apéndice III).

Cuadro 4
Calificación general de los riesgos

<i>Esferas de riesgo</i>	<i>Calificación del riesgo inherente</i>	<i>Calificación del riesgo residual</i>
Contexto nacional	Considerable	Considerable
Políticas y estrategias sectoriales	Considerable	Considerable
Medio ambiente y clima	Considerable	Considerable
Alcance del proyecto	Moderado	Moderado
Capacidad institucional de ejecución y sostenibilidad	Considerable	Bajo
Gestión financiera	Considerable	Considerable
Adquisiciones y contrataciones en el marco del proyecto	Moderado	Bajo
Impacto ambiental, social y climático	Moderado	Moderado
Partes interesadas	Moderado	Bajo
Riesgo general	Considerable	Moderado

B. Categoría ambiental y social

34. El riesgo ambiental y social del proyecto es **considerable**. La mayoría de las inversiones del proyecto tienen como objetivo aumentar la resiliencia climática y la producción de los pequeños agricultores y mejorar el medio ambiente mediante la gestión sostenible y la preservación de los recursos naturales, las innovaciones y las empresas ecológicas y las infraestructuras resistentes al clima. La Autoridad Ambiental de Eswatini supervisará el cumplimiento y ofrecerá orientación técnica a la UGP. En la nota analítica de los PESAC se incluye un marco de gestión ambiental y social.

C. Clasificación del riesgo climático

35. El riesgo climático del proyecto es **considerable**. El historial de las tendencias climáticas de Eswatini muestra que el promedio de las temperaturas en superficie ha aumentado, las precipitaciones se han vuelto impredecibles y la frecuencia y la gravedad de las sequías y las inundaciones también han ido en aumento. Se espera que las actividades del proyecto generen importantes beneficios en términos de adaptación, con beneficios colaterales de mitigación en consonancia con las ambiciosas metas de las contribuciones determinadas a nivel nacional. En la documentación relativa al diseño del proyecto se incluye una evaluación de los riesgos climáticos.

D. Sostenibilidad de la deuda

36. El último análisis de sostenibilidad de la deuda de Eswatini revela que el país se enfrenta a una gran tensión de deuda soberana debido a la elevada deuda pública, que se ha triplicado en el último decenio a raíz de los déficits fiscales. Se prevé que su déficit fiscal alcance su punto máximo del 42,3 % del PIB en el ejercicio fiscal 2022/2023; con todo, el ritmo de aumento se ha ralentizado desde 2020, lo que denota los esfuerzos de las autoridades por limitar el gasto ante la preocupación por la sostenibilidad de la deuda.

IV. Ejecución

A. Marco organizativo

Gestión y coordinación del proyecto

37. El Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se ejecutará durante un período de ocho años. El Ministerio de Agricultura será el organismo de ejecución y encomendará a la organización paraestatal EWADE la función de organismo principal de ejecución. La EWADE cuenta con una amplia experiencia en el ámbito de la gestión de inversiones financiadas por el FIDA y creará e integrará una UGP en su estructura actual. La UGP recibirá el apoyo de la Unidad de Desarrollo Agrícola y Gestión Medioambiental, que aporta conocimientos técnicos, procedimientos y normas específicos para los proyectos gestionados por la EWADE. Se creará un comité directivo del proyecto que se encargará de la supervisión y la orientación estratégica.

Gestión financiera, adquisiciones y contrataciones, y gobernanza

38. **Gestión financiera.** La UGP supervisará la gestión financiera del proyecto y de sus asociados en la ejecución. Se encargará de conceder y desembolsar los fondos a los organismos con arreglo a los planes acordados, y de coordinar las tareas de seguimiento y presentación de informes. En este proyecto se utilizarán dos mecanismos de desembolso: Retiro de fondos por adelantado y/o reembolso. La elaboración del presupuesto se realizará de acuerdo con los procedimientos del Gobierno de Eswatini, y el plan operacional anual y presupuesto conexo se someterá a la aprobación del comité directivo del proyecto. La presentación de la información financiera se llevará a cabo mediante informes financieros provisionales trimestrales y estados financieros anuales, de conformidad con las directrices del FIDA en la materia. Los servicios de auditoría interna correrán a cargo del Departamento de Auditoría Interna del Ministerio de Agricultura, mientras que de la auditoría externa se ocuparán empresas privadas de auditoría.

39. **Adquisiciones y contrataciones.** La UGP se encargará de poner en marcha el plan de adquisiciones y contrataciones y de gestionar los procesos conexos. La adquisición de bienes y la contratación de obras y servicios se llevarán a cabo de conformidad con la Ley de Adquisiciones y Contrataciones de 2011 de Eswatini, por la que se regulan las adquisiciones y contrataciones públicas. Los documentos de licitación normalizados para su uso por parte de las autoridades e instituciones públicas que se rigen por la ley de adquisiciones y contrataciones públicas ya se han finalizado, pero aún no se están utilizando. Por lo tanto, en el marco del proyecto se utilizarán los documentos de licitación normalizados del FIDA. Será aplicable el sistema nacional de adquisiciones y contrataciones, siempre y cuando se ajuste a los requisitos del FIDA que se especificarán en el convenio de financiación y en la carta de las disposiciones relativas a las adquisiciones y contrataciones.
40. **Participación y observaciones del grupo objetivo y resolución de reclamaciones** Los comités de desarrollo comunitario y los planes de desarrollo comunitario actuarán como puntos de entrada del proyecto para la planificación, el seguimiento y la ejecución participativos. Las observaciones de los beneficiarios serán decisivas en la toma de decisiones del proyecto. Se grabará la interacción con los beneficiarios durante las misiones de supervisión y se tendrán en cuenta sus observaciones para mejorar el desempeño del proyecto. Todas las decisiones tomadas en el marco del proyecto serán publicadas al objeto de atraer la participación y facilitar la expresión de la disconformidad. El consentimiento libre, previo e informado garantizará la existencia de un mecanismo de retroalimentación que sirva para plantear solicitudes, inquietudes y riesgos, y diseñar medidas de mitigación.

Resolución de reclamaciones

41. Se establecerá un mecanismo de resolución de reclamaciones con el objetivo de gestionar las quejas derivadas del proyecto. Los comités de desarrollo comunitario servirán de primer punto de contacto para que las personas registren sus reclamaciones a nivel de territorio tribal. Los asuntos que no puedan resolverse en el seno de ese comité se elevarán al consejo interno del territorio, al consejo asesor del jefe y al jefe del territorio y, si es necesario, al administrador regional y, en última instancia, al Tribunal Nacional de Swazi. La UGP proporcionará información sobre el mecanismo de resolución de reclamaciones y transmitirá el compromiso del FIDA de no tolerar la explotación y los abusos sexuales, así como sus políticas en materia de prevención del fraude y la corrupción.

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

42. El marco lógico y el plan operacional anual y presupuesto conexo servirán de base para la planificación y la presupuestación anuales y las disposiciones en materia de seguimiento y evaluación (SyE) del proyecto. El sistema de SyE se desarrollará de acuerdo con los requisitos del FIDA y del Gobierno. De su coordinación se ocupará el Ministerio de Agricultura, en calidad de organismo de ejecución, y de su gestión se encargará la UGP. En las disposiciones en materia de SyE del proyecto se incluirán la herramienta de diseño y seguimiento de la resiliencia, un plan de SyE, un marco lógico detallado de operaciones y un sistema de información de gestión incorporado en el Sistema Integrado de Información Agrícola del Ministerio de Agricultura.

43. **Gestión de los conocimientos, aprendizaje y comunicación.** El sistema de SyE servirá de base para la gestión de los conocimientos y el aprendizaje en el marco del proyecto. Al comienzo de la ejecución se preparará una estrategia de comunicación y gestión de los conocimientos. Las actividades de gestión de los conocimientos garantizarán que los datos del proyecto se analicen y difundan como enseñanzas extraídas sobre el terreno y como datos generados para la elaboración de políticas. También se formulará un plan de acción de comunicación y gestión de los conocimientos en consonancia con la estrategia en la materia y se integrará en el plan operacional anual y presupuesto conexo del proyecto. Se prestará apoyo para reforzar el sistema de SyE y las funciones de gestión de conocimientos y aprendizaje del Ministerio de Agricultura.

Innovación y ampliación de la escala

44. En el marco del Proyecto de Mejora de la Productividad Agrícola y la Comercialización para la Agricultura en Pequeña Escala se promoverán las innovaciones digitales para mejorar la inversión del sector agrícola del país en extensión digital. Asimismo, se reforzará la orientación al mercado del Sistema Integrado de Información Agrícola con el fin de proporcionar datos precisos y fiables a lo largo de las cadenas de valor y de incorporar a los actores del sector privado. El Sistema Integrado de Información Agrícola funciona adecuadamente bajo la tutela del Ministerio de Agricultura, lo que facilitará una adopción más amplia.
45. El modelo de anclaje constituye un nuevo enfoque aplicable a las cadenas de valor de la horticultura en Eswatini. El proyecto aportará datos y nuevas enseñanzas para su satisfactoria aplicación. Asimismo, respaldará el desarrollo de seguros basados en índices que sirvan para proteger a los beneficiarios del proyecto de las pérdidas derivadas de fenómenos meteorológicos extremos. Estos seguros constituirán un instrumento adicional de reducción de riesgos para facilitar el acceso de los beneficiarios del proyecto a los servicios financieros.

C. Planes para la ejecución

Preparación para la ejecución y planes para la puesta en marcha

46. El manual de ejecución del proyecto, el primer plan de trabajo y presupuesto anual y el primer plan de adquisiciones y contrataciones de 18 meses tienen como objetivo garantizar que el proyecto se inicie según lo previsto, sin retrasos innecesarios durante el primer año del proyecto. A fin de reforzar las modalidades de ejecución del proyecto, se organizará un taller sobre la puesta en marcha con todos los interesados y asociados en la ejecución.

Supervisión, examen de mitad de período y planes de finalización

47. La supervisión del proyecto será llevada a cabo conjuntamente entre el FIDA y el Gobierno para evaluar los resultados materiales y financieros generales, identificar los problemas de ejecución y proponer medidas para resolverlos, de conformidad con todos los aspectos fiduciarios del convenio de financiación. El FIDA proporcionará apoyo constante para la ejecución. Se realizará un examen de mitad de período para determinar si el proyecto va por buen camino hacia la consecución de su objetivo. Al término del período de ejecución del proyecto, se llevará a cabo un examen final del proyecto para informar sobre los resultados y el impacto logrados.

V. Instrumentos jurídicos y facultades

48. Un convenio de financiación entre el Reino de Eswatini y el FIDA constituye el instrumento jurídico para la concesión de la financiación propuesta al prestatario/receptor. Se adjunta como apéndice I una copia del convenio de financiación negociado.

49. El Reino de Eswatini está facultado por su legislación para recibir financiación del FIDA.
50. Me consta que la financiación propuesta se ajusta a lo dispuesto en el Convenio Constitutivo del FIDA y en las Políticas y Criterios en materia de Financiación del Fondo.

VI. Recomendación

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

RESUELVE: que el Fondo conceda un préstamo en condiciones ordinarias al Reino de Eswatini por un monto equivalente a nueve millones setenta mil dólares de los Estados Unidos (USD 9 070 000), conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este informe.

RESUELVE ADEMÁS: que el Fondo conceda un préstamo en condiciones ordinarias al Reino de Eswatini por un monto de cuatro millones quinientos mil dólares de los Estados Unidos (USD 4 500 000), conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este informe.

Álvaro Lario
Presidente

Negotiated financing agreement

Smallholder Agricultural Productivity Enhancement and Marketing Project (SAPEMP)

(Negotiations concluded on 21 February 2024)

Loan No: _____
Loan No: _____

Project name: Smallholder Agricultural Productivity Enhancement and Marketing Project ("SAPEMP"/ "the Project")

The Kingdom of Eswatini (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. 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, 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 two loans (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan eligible to ordinary terms is nine million and seventy thousand United States Dollars (USD 9 070 000) ("Loan 1").

2. The amount of the Loan eligible to ordinary terms is four million and five hundred thousand United States Dollars (USD 4 500 000) ("Loan 2").
3. The Financing 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 five (25) years, including a grace period of eight (8) years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
4. The Loan Service Payment Currency shall be in USD.
5. The first day of the applicable Fiscal Year shall be 1 April.
6. Payments of principal and service charge shall be payable on each 31st March and 30th September.
7. There shall be a Designated Account in USD, for the exclusive use of the Project which is to be opened in the Central Bank of Eswatini. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
8. There shall be Project operational accounts in local currency opened at a local commercial bank and details would be communicated to IFAD. Separate Project accounts will be maintained for the different Project co-financiers. One operational bank account shall be used for IFAD funds and the other for Government of Eswatini contributions. The funds received from IFAD shall be used for the sole purpose of paying for eligible expenses of the Project.
9. The Borrower shall provide counterpart financing for the Project, in cash and in kind. The in-kind contribution will be in the form of forgone taxes and duties, office space and administrative support to the Project. The cash contribution will amount to an equivalent of five million and one hundred thousand United States dollars (USD 5 100 000) and in-kind contribution equivalent of two million five hundred thousand United States dollars (USD 2 500 000).

Section C

1. The Lead Project Agency shall be the Eswatini Water and Agricultural Development Enterprise (EWADE), an implementing agency under the Ministry of Agriculture.
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 eight anniversary of the date of entry into force of this Agreement and the Financing Closing Date will be established as specified in the General Conditions.
4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

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

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The Project Implementation Manual (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.
- (b) The Project Manager or other key Project staff have been removed from the Project without the prior consultation with the Fund.

2. The following is designated as an additional ground for cancellation of this Agreement:

- (a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 months without justification.

3. The following are designated as additional (general/specific) conditions precedent to withdrawal:

- (a) The IFAD no objection to the PIM shall have been obtained.
- (b) Key Project staff have been appointed as indicated in paragraph 11, Schedule 3 of this Agreement.

4. This Agreement is subject to ratification by the Borrower.

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

For the Borrower:

The Principal Secretary,
Ministry of Finance,
Finance Building
Mhlambanyatsi Road, Mbabane
Eswatini

For the Fund:

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

Copy to: The Country Director, Kingdom of Eswatini

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

KINGDOM OF ESWATINI

Neal H. Rijkenberg
Minister of Finance

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit about 19,600 smallholder households (HHs) equivalent to some 117,700 people. The project design identified the following target groups:

- Production-oriented households (14,100 SHFs, 72% of project target) which use small scale irrigation with potential for commercial activities but remain vulnerable to climate shocks, benefiting from support to productivity and production increase.
- Poor households (2,000 SHFs, 10% of project target) who do not meet their minimal needs, benefiting from support for food and nutrition security.
- Environmentally vulnerable farmers (1,200 HHs, 6% of project target) in the micro catchments around the water-infrastructure and the irrigation areas (1 km radius), benefiting from INRM-based interventions (e.g., soil and water conservation, gabions, reforestation).
- Near poor households (2,300 HHs, 12% of project target), benefiting from jobs creation at various VC levels. SAPEMP will target 40% women, 30% young females and males and 5% vulnerable groups and PWDs.

2. *Project area.* The Project will be national in scope covering all four regions: Hhohho, Lubombo, Manzini, and Shiselweni. The south-eastern regions of Lubombo and Shiselweni have the highest proportion of people living in poverty while the Manzini and Hhohho regions have the highest absolute number of poor people, also given the higher population density characterizing those areas. Shiselweni and Lubombo regions have widespread prevalence of poverty and malnutrition in the middleveld and lowveld areas, also due to their climatic vulnerability (the "Project Area").

3. *Goal.* The goal of the Project is to contribute to the sustainable reduction of poverty in rural Eswatini by improving sustainable food and nutrition security among poor households, with a strong focus on youth, gender, nutrition, Climate Change and environment.

4. *Objectives.* The objective of the Project is to sustainably increase SHFs' production, nutrition and incomes and build their resilience to climate change through 3 outcomes: (i) Production and productivity of the target value chains increased, resilience and nutrition of smallholder farming households improved; (ii) Incomes of rural smallholders from marketing of supported value chains improved; (iii) Service delivery by stronger government and rural institutions improved.

5. *Components.* The Project shall consist of the following Components:

5.1 Component 1: Production and productivity of the target value chains increased, resilience and nutrition of smallholder farming households improved. This component aims to improve the resilience, production, productivity, and nutrition of SHFs. These results will be achieved with investments in infrastructures for water harvesting, micro-catchment protection, postharvest handling and marketing. The component is organized around two subcomponents.

5.1.1 Sub-Component 1.1: Community-based INRM, climate-smart production and nutrition. This sub-component fosters the adoption of climate-smart practices and technologies, including digital solutions. The entry point to the activities under this sub component will be through Community Development Plans (CDPs) to increase the overall project sustainability and favour community mobilisation and empowerment. Its outputs are: 1.1 Inclusive access to improved climate smart technologies and nutrition sensitive

practices; 1.2 Digital platforms developed; 1.3 Environment, INRM and climate focused interventions developed. It comprises the following activities: Community mobilisation and empowerment; Production and productivity improvement and cluster development; Gender equality, women and youth empowerment; Community-based integrated natural resources management and climate-focused investments, including climate and weather information; Support for improved food security and nutrition.

5.1.2 Sub-Component 1.2: Climate-proofed production and market infrastructure developed. This sub-component promotes investments in climate-resilient infrastructures to benefit clusters supported in 1.1 to improve their production and post-harvest management of their produce. Its output is: 1.4: Inclusive climate proofed production and market infrastructure developed. It comprises the following activities: Development of small earth dams and irrigation schemes; Development of Cluster-Level Multi-purpose Collection Centres (MCC); Capacitation of Chiefdoms through CDCs/clusters to manage public infrastructure investments; Construction of infrastructure at community level and at cluster level.

5.2 Component 2: Incomes of rural smallholders from marketing of supported value chains improved. The component aims to create successful business linkages between the graduated production clusters developed under sub-component 1.1 and selected AEs and market off-takers identified on business opportunities and geographic proximity. It will also strengthen financial access for clusters entrepreneurs and AE. The entry point to the activities under this component will be through AEs.

5.2.1 Sub-Component 2.1: Improving market linkages and access in target value chains. This sub-component develops market linkages between production clusters and AEs. Its output is: 2.1 Farmers linked to markets. Under this subcomponent the project will: Engage with key domestic AEs and key international market off-takers; Support the development of business-to-business (B2B) relationships; Focused support to AEs and production clusters and youth; Provide ancillary private enterprise development; Support the digitalization of the value chain.

5.2.2 Sub-Component 2.2: Access to green and VC financial services. This sub-component aims at facilitating access to appropriate, accessible and sustainable financial services to VC actors, leveraging the experience with FINCLUDE and the expertise in the Center for Financial Inclusion (CFI). Ac

5.3 Component 3: Service delivery by stronger government and rural institutions improved. It will be achieved through strengthening of public institutions for effective service delivery, and support for the operationalization of key enabling policies. The Component will support the creation of an enabling environment for the achievement of the outcomes of the first two components.

5.3.1 Sub-Component 3.1: Policy support and institutional strengthening. This subcomponent will support policy development and strengthening of key institutions. Its outputs are: 3.1 policy support strengthened; and 3.2 institutions strengthened.

5.3.2 Sub-Component 3.2 Project coordination. SAPEMP will be implemented over a period of 8 years from 2024-31. On behalf of MoA, EWADE will set up and house a PMU embedded into its existing structure. The role of the PMU is: planning and coordinating project implementation, financial management and control, procurement support, M&E, KM&L, and progress reporting. Key project personnel is outlined Schedule 3, section 10, while the complete list of project staff is included in the PDR and PIM.

II. Implementation Arrangements

6. *Lead Project Agency.* MoA will be the Executing Agency and will assign the parastatal, EWADE as the Lead Implementing Agency (LIA). EWADE has long standing experience with managing IFAD-funded investments and is currently implementing SMLP.

7. *Project Oversight Committee.* A Project Steering Committee (PSC) will be established to provide policy guidance and oversight of Project implementation. It will be convened and chaired by Principal Secretary MoA or an authorised representative, with representatives from MTEA, MoF, MTAD, Ministry of Economic Planning and Development (MEPD), Ministry of Natural Resources and Energy (MNRE), Nationally Determined Authority (NDA), FAO, National Maize Corporation (NMC), Eswatini Environment Authority (EEA), Meteorology department; and CEOs of EWADE, and of the National Agriculture Marketing Board (NAMBoard). The PSC will: (i) review project approaches, strategies, milestones, progress and achievements; (ii) provide strategic guidance to the PMU and ensure that SAPEMP contributes to the higher-level sector policy and strategic goals; (iii) review and approve the AWPBs, procurement plans and annual reports, and (iv) initiate follow-up actions on lessons and findings from the project.

8. *Project Management Unit.* The PMU will be responsible for overall financial management of the Project and for supporting and overseeing financial functions of implementing partners. It will release funds against agreed plans, drawn out of the approved AWPBs, disburse funds to implementing agencies and coordinate monitoring and financial reporting for the Project as a whole. Disbursements from IFAD will be made by way of an advance to Designated Accounts, with subsequent replenishments quarterly based on interim financial reports (IFRs) cash forecasts, aligned to approved AWPB which will be prepared with adequate details showing financiers and proportion of financing for each activity to guide finance teams in expenditure mapping. Project budgeting will be done in accordance with existing GoE's procedures. The AWPB shall be approved by the Project Steering Committee (PSC) and provided with no-objection by IFAD.

9. *Implementing partners.* During implementation, SAPEMP will make use of participatory planning, monitoring and implementation processes. Involvement of traditional structures such as CDCs and seeking alignment with CDPs will support community-level ownership of project interventions. Implementation of project activities will leverage on the existing strong partnerships that the IFAD Eswatini country programme has built with several key GoE ministries including MoA, MoF, MTAD, MTEA, and parastatal entities.

10. *Monitoring and Evaluation.* M&E will be undertaken both at project level and MoA's level to ensure coordination with stakeholders and partners. The project will follow the GoE planning calendar (October-March). Annual priorities will be aligned to the expected results of the project as well as the MoA medium-term expenditure framework. The project M&E system will be based on the logical framework to guide continuous performance assessment. Intentional indicator selection has been done to allow tracking of social and economic performance of target groups, especially women, youth and PWDs. Thus, all person-based indicators have been disaggregated by sex, age and by disability. The M&E system will be developed in accordance with the requirements of IFAD and GoE and shall be coordinated by MoA as the executing agency and managed by the PMU. The Resilience Design and Monitoring Tool (RDMT) will be embedded within the M&E arrangements of the project to enhance assessment of target beneficiaries' resilience. The RDMT questions will be included in the Monitoring Reporting and Verification (MRV) system for data collection. An M&E plan shall be developed at the beginning of implementation to inform project management decision-making ensuring achievement of the project objectives, guide project M&E functions, enable timely reporting to all stakeholders. A detailed operational logframe and information management system (IMS) integrated with the AIIS at MoA, will also be prepared for day-to-day project monitoring.

11. *Knowledge Management.* A KM and communication strategy (KMCS) will be prepared at the beginning of implementation. KM activities will ensure that project data will be analysed and disseminated (also using the MoA's KM portal) as lessons learned from the field, and as evidence generated to policy development. A knowledge management and communication action plan that outlines specific activities on how information is to be obtained, analysed, and disseminated, will also be formulated in line with the KMCS and integrated in the project's AWPB.

12. *Project Implementation Manual.* A comprehensive Project Implementation Manual (PIM) will be finalized at project start-up, together with an AWPB, procurement plan and terms of reference for various service providers to be procured, and to ensure implementation readiness. Any revisions to the PIM and AWPB shall have to be previously approved by the Fund.

Schedule 2

Allocation Table

1. *Allocation of Financing Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the IFAD Loans 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	Loan 1 Allocated (Expressed in USD)	Loan 2 Allocated (Expressed in USD)	Percentage net of taxes
I. Technical Assistance & Consultancies	850 000	580 000	100%
II. Goods, Services and Inputs	1 730 000	1 470 000	100%
III. Training Workshop & Meetings	2 470 000	1 090 000	100%
IV. Credit and Guarantee funds	870 000	300 000	100%
V. Operating Cost	2 250 000	610 000	100%
Unallocated	900 000	450 000	
TOTAL	9 070 000	4 500 000	

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

- (i) Goods, services and inputs include eligible expenditures for cost associated with civil works.
- (ii) Training Workshop and Meetings include eligible expenditures to support; (a) community mobilization, (b) production and productivity enhancement, (c) business development, (d) cluster formation, (e) women and youth empowerment, (f) nutrition-sensitive activities, (g) financial literacy, (h) policy development.
- (iii) Credit and guarantee funds include eligible expenditures for cost associated with subsidies and grants.
- (iv) Operating cost include eligible expenditures for cost associated with salaries, allowances and benefits.

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 five hundred thousand USD (USD 500 000). Activities to be financed by Start-up Costs 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 Borrower to request withdrawals from the Loan Accounts 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 6 months of entry into force of the Financing Agreement, the Project will procure and install a customized accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project 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. *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].
4. *Gender.* The Borrower shall ensure that SAPEMP will increase women economic empowerment, reduce workloads through technology, increase women's decision making at household and community levels while facilitating joint household benefits sharing and policy engagement for gender transformation.
5. *Indigenous People (IP) Concerns.* The Borrower shall ensure that the concerns of IPs are given due consideration 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 respected¹;
 - (f) The Project will not involve encroachment on traditional territories used or occupied by indigenous communities.
6. *Land tenure security.* The Borrower 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.
7. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
8. *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.

¹ Refer to ILO 169, 1989 when ratified.

9. *Use of Project Vehicles and Other Equipment.* The Borrower shall ensure that:

- (a) all vehicles and other equipment procured under the Project are exclusively allocated 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.

10. *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.

11. *The Key Project Personnel* are: Project Manager, Project Accountant, Monitoring and Evaluation Specialist, Knowledge Management and Communication Specialist, Horticulture, Cropping Value Chain and Markets Specialist, Procurement Specialist, Gender, youth, social inclusion and nutrition specialist, Climate and Environment Specialist]. In order to assist in the implementation of the Project, the 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. The preferred method of staffing the Key Project Personnel shall be competitive recruitment, 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 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 Project's circumstances.

II. SECAP Provisions²

1. The Borrower shall carry out the preparation, design, construction, implementation, and operation of the Project 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 Borrower and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Borrower 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/Projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with

² New SECAP provisions for all projects that pass concept review after 1 September 2021.

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

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

3. The Borrower shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors and suppliers not to commence implementation of any works, unless all Project 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 Borrower shall cause the Lead Project Agency to comply at all times while carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. 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).

6. 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, ESCMPs and the Management Plan(s), if any.

7. The Borrower will ensure that a Project-level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Project's activity and its potential impacts to promptly receive and resolve concerns and complaints (e.g. compensation, relocation or livelihood restoration) related to the environmental and social performance of the Project for people who may be unduly and adversely affected or potentially harmed if the Project fails to meet the SECAP standards and related policies. The Project-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 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 loan 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 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 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 ESCMPs and Management Plan(s) (if any) are respected.

10. 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 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.

11. The Borrower 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 Project.

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	Mid-Term	End Target	Source	Frequency	
Outreach	1 Persons receiving services promoted or supported by the project					Progress report	Annual	1) 40% of persons receiving project support are women 2) 60% of persons receiving project support are men 3) 30 % of persons receiving project support are the youth (50% of them are women). A youth is defined as a person aged between 18 and 35 (inclusive). PWDs are assumed to be 5% of the target group HHs that receive project support are 20% female headed 6 members on average in one HH
	Males - Males	0	5880	11760				
	Females - Females	0	3920	7840				
	Young - Young people	0	2940	5880				
	Total number of persons receiving services -	0	9800	19600				
	Number of people							
	Persons with disabilities - Number	0	490	980				
	1.a Corresponding number of households reached							
	Women-headed households - Households	0	1960	3920				
	Non-women-headed households - Households	0	7840	15680				
	Households - Households	0	9800	19600				
Project Goal	1.b Estimated corresponding total number of households members					Progress report/MIS	Annual	Eswatini Central Statistics Office (CSO)
	Household members - Number of people	0	58800	117600				
	Reduction in poverty levels in rural Eswatini							
	Percentage reduction of poverty levels -	0	2	5				
	Percentage (%)							
	Number of households whose combined resilience has increased						Impact Surveys	Eswatini Central Statistics Office (CSO)
	Total households - Number	0	5880	11760				
	Total persons - Percentage (%)	0	30	60				
	Households with improved food, nutrition and income security							
	Household - Number	0	7350	14700				
Development Objective	Household - Percentage (%)	0	38	75		Resilience Scorecard Tool (RDMT) surveys	Baseline, Midline and endline survey	EWADE-PMU and IFAD ECG
	Household members - Number	0	44100	88200				
	Young - Number	0	2205	4410				
	PWDs - Number	0	368	735				
	IE.2.1 Individuals demonstrating an improvement in empowerment							
	Total persons - Percentage (%)	0	50	100			COI Survey	EWADE-PMU, ESEPARC and CSO
	Total persons - Number of people	0	9800	19600				
	Females - Percentage (%)	0	20	40				
	Females - Females	0	3920	7840				
	Males - Percentage (%)	0	30	60				
	Males - Males	0	5880	11760				
Sustainably increase smallholder producers' production, nutrition and incomes and build their resilience to climate	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered					FAO EX-ACT tool	Baseline and Completion	IFAD ECG and FAO
	Hectares of land - Area (ha)	0		30372				
	tCO2e/20 years - Number	0		-448085.3				
	tCO2e/ha - Number	0		-14.8				
	tCO2e/ha/year - Number	0		-0.7				
	1.2.4 Households reporting an increase in production					COI Surveys,		EWADE-PMU

Outcome 1: Market-oriented production and productivity of the target value chains increased, resilience and nutrition of smallholder farming households improved	Total number of household members - Number of people	0	33840	67680		Baseline, midline, completion	Adoption of technologies and practices (A) Uptake of financial products by beneficiaries (A) Communities willing to work together in clusters (A) Households are willing to change their nutrition behaviours						
	Households - Percentage (%)	0	40	80									
	Households - Households	0	5640	11280									
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI survey	Baseline, midline, completion							
	Total number of household members - Number of people	0	41520	83040									
	Households - Percentage (%)	0	40	80									
	Households - Households	0	6920	13840									
	1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)				COI Survey	Baseline, Midline, endline	EWADE-PMU, National Nutrition Council						
	Households (number) - Households	0	6440	12880									
	Households (%) - Percentage (%)	0	33	66									
Output 1.1: Inclusive access to improved climate smart technologies and nutrition sensitive practices	Household members - Number of people	0	38640	67680	Progress Reports/IMS/AIIS	Annual	EWADE-PMU	Assuming all commercial producers will be trained on production All project beneficiaries will participate in SBCC interventions					
	1.1.4 Persons trained in production practices and/or technologies												
	Men trained in crop - Males	0	4230	8460									
	Women trained in crop - Females	0	2820	5640									
	Young people trained in crop - Young people	0	2115	4230									
	Total persons trained in crop - Number of people	0	7050	14100	Progress reports/IMS/AIIS	Annual	EWADE-PMU						
	Persons with disabilities trained in crop - Number	0	353	705									
	1.1.8 Households provided with targeted support to improve their nutrition												
	Total persons participating - Number of people	0	1000	2000									
	Males - Males	0	600	1200									
Output 1.2: Digital Platforms Developed	Females - Females	0	400	800				Digital platforms will be used both for extension and marketing advisory services					
	Households - Households	0	1000	2000									
	Household members benefitted - Number of people	0	6000	12000									
	Young - Young people	0	300	600									
	Number of persons with disabilities - Number	0	50	100									
	Beneficiaries accessing digital advisory services												
Output 1.3: Environment, INRM and climate focused interventions developed	Total persons accessing digital services - Number	0	5288	10575	Progress reports/IMS/AIIS	Annual	EWADE-PMU	INRM initiatives will be implemented at cluster level and community level (within 1Km radius of the clusters) level					
	Males - Number	0	3173	6345									
	Females - Number	0	2115	4230									
	Young - Number	0	1586	3173									
	PWDs - Number	0	264	529									
Output 1.4: Inclusive Climate proofed Production and	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks				Progress reports/IMS/AIIS	Annual	EWADE-PMU	INRM initiatives will be implemented at cluster level and community level (within 1Km radius of the clusters) level					
	Total size of groups - Number of people	0	7650	15300									
	Groups supported - Groups	0	77	153									
	Males - Males	0	4590	9180									
	Females - Females	0	3060	6120									
	Young - Young people	0	2295	4590	Progress reports/IMS/AIIS/Contactor Reports	Annual	EWADE-PMU	Assuming infrastructure will be carried out on existing schemes previously developed under KDDP, LUSIP 1, LUSIP 2, SMLP and FINCLUDE 2.1.6 Collection centres					
	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated												
	Hectares of land - Area (ha)		494	987									
	2.1.6 Market, processing or storage facilities constructed or rehabilitated												

Market infrastructure developed	Total number of facilities - Facilities	0	23	45	Progress reports/IMS/AIIS/Contactor Reports							
	Storage facilities constructed/rehabilitated - Facilities	0	23	45								
Outcome 2: Incomes of rural smallholders from marketing of supported value chains improved	2.2.1 Persons with new jobs/employment opportunities				COI survey	Baseline, midline, completion	PMU	Youth engage in VC development activities(A) Private sector/local anchor enterprises willing to partner with SHF (A) FSPs willing to engage in the agricultural sector(A) Continued migration in pursuit of better livelihoods (R) Assuming a maximum of 100 people organised in clusters per production zone and that 65% of supported clusters will engage in formal partnerships Assuming that only 80% of the organisations are able to record increase in sales				
	Males - Males	0	460	920								
	Females - Females	0	690	1380								
	Young - Young people	0	345	690								
	Total number of persons with new jobs/employment opportunities - Number of people	0	1150	2300								
	Persons with disabilities - Number	0	58	115	COI Survey	Baseline, Midline, Completion	EWADE-PMU	Assuming that only 80% of the organisations are able to record increase in sales				
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities											
	Number of POs - Organizations	0	56	113								
Output 2.1: Farmers linked to markets	Percentage of POs - Percentage (%)	0	50	100								
	Number of POs - crop - Organizations	0	56	113	COI Survey	Baseline, Midline, Completion	EWADE-PMU	B2B engagements will lead to market linkages for farmers				
	2.2.5 Rural producers' organizations reporting an increase in sales											
	Percentage of rural POs - Percentage (%)	0	40	80								
	Number of Rural POs - Organizations	0	45	90								
	Rural POs - crop - Organizations	0	45	90								
	2.1.1 Rural enterprises accessing business development services				Progress reports/MIS	Annual	EWADE-PMU	B2B engagements will lead to market linkages for farmers				
	Size of enterprises - Enterprises	0	689	1378								
Output 2.2: Financial instruments implemented	Rural enterprises - Enterprises	0	125	251	Progress reports/MIS	Annual	EWADE-PMU	Financial instruments will be accessed and used by beneficiaries as expected and upon receiving financial literacy				
	2.1.3 Rural producers' organizations supported											
	Total size of POs - Organizations	0	7050	14100								
	Rural POs supported - Organizations	0	71	141								
	Males - Males	0	4230	8460								
	Females - Females	0	2820	5640								
	Young - Young people	0	2115	4230								
	Rural POs supported that are headed by women - Organizations	0	28	56								
	Persons with disabilities - Number	0	353	705								
	Financial Instruments implemented				Progress reports/MIS	Annual	EWADE-PMU, EEF, CFI	Financial instruments will be accessed and used by beneficiaries as expected and upon receiving financial literacy				
1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services	Green Challenge Fund - Money (USD' 000)	0	62.5	125								
	Agriculture Index Insurance - Money (USD' 000)	0	125	250								
	Financial Risk Management Facility - Money (USD' 000)	0	250	500								
	Climate Finance Facility - Money (USD' 000)	0	1000	2000								
	Males - Males				Progress reports/MIS	Annual	EWADE-PMU					
	Females - Females	0	2870	5740								
	Young - Young people	0	2153	4305								
	Persons in rural areas trained in FL and/or use of FProd and Services (total) - Number of people	0	7175	14351								
	Persons with disabilities - Number	0	359	718								

Outcome 3: Service delivery by stronger government and rural institutions improved	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment	COI survey	Baseline, midline, completion	EWADE-PMU	Budget for policy implementation is availed by government and capacity for operationalization exists at local level (A). Project interventions satisfactorily implemented
	Number - Number	0	1	3	
	SF.2.1 Households satisfied with project-supported services	COI survey	Baseline, midline, completion	EWADE-PMU	
	Household members - Number of people	0	47040	94080	
	Households (%) - Percentage (%)	0	40	80	
	Households (number) - Households	0	7840	15680	
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers	COI survey	Baseline, midline, completion	PMU	
	Household members - Number of people	0	47040	94080	
	Households (%) - Percentage (%)	0	40	80	
	Households (number) - Households	0	7840	15680	
Output 3.1: Policy support strengthened	Policy 1 Policy-relevant knowledge products completed	Progress reports/MIS	Annual	EWADE-PMU	Relevant policies reviewed to enhance their relevance
	Number - Knowledge Products	0	3	6	
Output 3.2: Institutions strengthened	Supported Rural and Government Institutions	Progress reports/MIS	Annual	EWADE-PMU	capacity of the supported institutions is built
	Number of Institutions - Number	0	56	113	

Integrated project risk matrix

Risk Category/Subcategory	Inherent	Residual
Country context		
Political commitment	Substantial	Substantial
Risk: Significant changes in the leadership of the government agencies implementing the project, due to the political nature of appointments, would disrupt project implementation.	Substantial	Substantial
Mitigations: IFAD is taking an increasingly active role in CLPE, engaging with broad spectrum of stakeholders in different ministries and institutions, from the highest-ranking officers to technical specialists.		
Governance	Substantial	Substantial
Risk: Lack clarity with regards to the roles and responsibilities of Implementing and Executing agencies, Service Providers and executing partners bearing a negative impact on project results	Substantial	Substantial
Mitigations: The design of SAPEMP involved dialogue with government and implementing partners to analyse past and current implementation arrangements and to determine based on the lessons learned, the implementation arrangements which offer the best efficiencies for this project.		
Economic stability	Substantial	Substantial
Risk: The combination of slow economic growth and high inflation led to a slight increase in the poverty rate in 2022. The fiscal deficit increased in 2023, driven by an increase in wages and security spending. High vulnerability to external shocks, natural disasters, and economic shocks undermines economic growth, and inequality reduction. The fiscal situation has been fragile due to overreliance on volatile customs revenues.	Substantial	Substantial
Mitigations: SAPEMP will provide SHFs and AEs with support to cope with the unstable economic context. Specifically the project will: provide timely technical advice on production and marketing issues by extension services; realize investments in irrigation schemes, packhouses, and post-harvest management infrastructures which contribute to improvement of incomes; integrate value chain and business development strategy and promote market-led and business-oriented advisory services for SHFs, clusters, AEs and service providers service and for business start-up; implement community-based planning, develop farmers clusters for a joint and resilient production and support the preparation and adoption of business plans before planting season; conduct financial training, and introduce instruments and insurances to strengthen farmer resilience to market changes; build capacity of SHFs on business skills, negotiation and marketing.		
Fragility and security	Substantial	Substantial
Risk: The civil unrest experienced in 2021 and simmering tensions, if unaddressed could weaken confidence in the Government could negatively impact the project. There is a risk of delays in the implementation due to boycotting or disruption of interventions.	Substantial	Substantial

Mitigations: the following mitigation measures have been identified: 1) Continued strong inter-sectoral and multi-stakeholder coordination including engagements NGOs and the private sector; 2) Implementation of grievance redress and beneficiary feedback mechanisms to address perceptions of negative impacts of project interventions and to keep them updated on project processes; 3) Continued transparency in procurement, competitive recruitments and beneficiary selection; and 4) Regular monitoring, evaluation and reporting mechanism and platforms to share results, promote accountability and transparency about impact 5) creating opportunities for youth in the project activities.		
Policy alignment	Substantial	Substantial
Risk: The risk that due to lack of capacity and low commitment, the Government will fail to enforce the implementation of national strategies and policies such as the National Climate Change Policy, among others, which would limit project impact.	Substantial	Substantial
Mitigations: The project will focus on institutional strengthening and policy support for the implementation of key strategies and policies which have an impact on project implementation e.g., to enhance climate finance flows from private sector to value chain actors and smallholders. Also, SAPEMP's design is fully aligned with the recently approved National Agriculture Investment Plan (NAIP) –II and its strategic axes, which will guide Government of Eswatini's next 5 years investments and strategies for the transformation of the agricultural sector.		
Policy development & implementation	Substantial	Substantial
Risk: Weak policy environment for regulation of markets and production. Currently, parastatals that are meant to regulate the vegetable and legume value chains (NAMBOARD and NMC) are also participating as market players and competing with private sector. The Government is currently working on reforming the parastatals to restore their regulatory role and not to participate as market players.	Substantial	Substantial
Mitigations: The project will support the government and relevant institutions through policy dialogue in the quest to reform parastatals to enable private sector participation.		
Environment and climate context		
Project vulnerability to environmental conditions	Substantial	Substantial
Risk: Eswatini experiences environmental challenges/risks (see further details in Annex 5). The project may experience major environmental challenges such as land degradation due to poor farming practices, low availability of water due to droughts and soil erosion due to extreme rainfall events that may affect agriculture productivity and market participation.	Substantial	Substantial
Mitigation: The project will promote sustainable land management practices such as Climate-smart agriculture, watershed conservation and integrated natural resource management.		

Project Vulnerability to climate change impacts Eswatini is highly vulnerable to climate change and extreme weather events. The key climate risks include floods, hailstorms, frost, droughts, heat waves, cyclones, and unreliable rainfall patterns. Future climate projections show that mean temperatures will keep increasing and hot days, dry spells floods and heatwaves, will become more frequent. Rainfall patterns are expected to become more uncertain and erratic, resulting in greater frequency and intensification of droughts and floods.	Substantial	Substantial
Mitigations: The project promotes climate smart agricultural practices, agroforestry, wetland conservation, climate and weather advisories, early warning systems, use of drought tolerant varieties, renewable energy, climate proofing infrastructure including shade nets and green houses, water harvesting and irrigation, sustainable land management practices (e.g., soil erosion control structures, agroforestry, integrated soil fertility management), climate finance/insurance, and green innovations and enterprises.		
Greenhouse gas emissions	Moderate	Moderate
Risk: The project will intensify agriculture production, enhancing crop productivity. There is a risk that intensive crop cultivation coupled with unsustainable input use will significantly contribute to increase greenhouse gas emissions, thereby contributing to anthropogenic climate change.	Moderate	Moderate
Mitigations: The project will promote sustainable agriculture practices including minimum tillage, agroforestry, land rehabilitation, use of bio-pesticides and integrated pest management to lower GHG emissions. The FAO EX-ACT tool will be used to assess the amount of GHG emissions reduced or carbon sequestered at the beginning of the project (baseline) and at project completion.		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Substantial
Risk: Agriculture production supported by the project may be significantly affected by extreme weather conditions such as floods, hailstorms, drought that may negatively impact livelihoods of targeted populations.	Substantial	Substantial
Mitigations: The project will be climate focused. Thus, most funds will go towards climate adaptation measures, building climate resilience for communities and along the proposed value chains, and will generate mitigation co-benefits. Mobilization of climate finance from the GCF will further bolster climate risk adaptation and mitigation actions. This will include investments in climate-proofed infrastructure, development of irrigation systems and activities to enhance integrated natural resource management.		
Biodiversity conservation	Low	Low
Risk: SAPEMP aims to commercialize smallholder farmers' production through focused investments in specific value chains. There is a risk to enhance monocropping and associated loss of biodiversity and availability of various sources of nutritious food.	Low	Low

Mitigations: The project will promote nature-based solutions such as landscape approaches to ecosystem management, sustainable land management and adoption of climate-smart practices, and land rehabilitation measures which will help managing possible risks. The production system will ensure rotations with legumes, and planting of different types of vegetable that have different nutrition benefits as well. Nutrition focused activities at the homestead level will ensure availability of nutritious food for the poor while better off farmers will be sensitized to utilize the income pathway to achieve nutrition outcomes.		
Resource efficiency and pollution prevention	Moderate	Low
Risk: Commercial production may result in overuse of inputs such as fertilizers and chemicals, improper disposal of containers.	Moderate	Moderate
Mitigations: The project will develop a pesticides management plan to enhance appropriate use of agrochemicals, incorporate biochemicals, and promote integrated pesticides management measures. As part of safeguards, measures will be taken to treat waste and encourage recycling within the farms and along the value chain. Investments in NbS, ecosystem services, renewable energy, water harvesting, irrigation etc. will further reduce the risk of inefficient use of resources.		
Social impact		
Cultural heritage	Low	Low
Risk: SAPEMP includes some activities for infrastructure that may be located in cultural sites or can cause significant land degradation, and displacement of populations	Low	Low
Mitigations: The project will avoid sites that are likely to interfere with or cause injury to or loss of cultural heritage. This will be included in the exclusion list of the proposed ESMF and abbreviated ESIA and monitored during project implementation. In sites where it maybe suspected at design, that there are elements of cultural heritage, the chance find procedures provided for in the updated SECAP 2021 will be applied.		
Indigenous Peoples	Low	Low
Risk: The Kingdom of Eswatini does not formally recognise indigenous peoples since all Amaswazi are considered Indigenous.	N/A	N/A
Community health and safety	Moderate	Low
Risk: The risk that increased agricultural activity may increase health risks associated with exposure to agro-chemicals, increase women's burden of work through focus on productivity improvement.	Moderate	Low
Mitigations: The project will develop a community health and safety management plan that will identify risks to community health and provide mechanisms to address them and monitor progress. These procedures will form part of the proposed ECSMP. The project will promote labour saving technologies to reduce women workloads and apply gender sensitive approaches to ensure women's needs are considered.		
Labour and working conditions	Substantial	Moderate

Risk: The increased agricultural activity promoted by the project may result in households employing child labour on and off-farm. The increased household income may also lead to increased tensions among spouses and manifestations of different forms of gender-based violence (GBV) and increase of HIV risk acquisition and management. There is risk that the project may cause discriminatory and unsafe/unhealthy working conditions for people employed to work specifically in relation to the project, including third parties and primary suppliers.	Substantial	Moderate
Mitigations: The project will develop a labour and working conditions management plan to identify labour and working conditions related risks and provide mitigation actions. The procedures will also align to ILO provisions on labour and working conditions, e.g. child labour, gender-based violence, sexual harassment and exploitation, etc.		
Physical and economic resettlement	Low	Low
Risk: A focus on commercialization activities of the project activities may exclude the marginalized group and their participation in economic activities.	Low	Low
Mitigations: The project will have targeted interventions for poor communities and will create job opportunities for women and youth along the value chain.		
Project scope		
Project relevance	Moderate	Moderate
Risk: The risk that the use of anchor enterprises as a value chain approach is no longer priority for the government and that value chains selected do not benefit IFAD's target groups.	Moderate	Moderate
Mitigations: The project has been designed in a close coordination with the government and it is addressing government priorities to development of the selected value chains through private sector engagement and in line with the government strategy to restore the mandate of Parastatals as regulators and not market players, while allowing private sector to thrive. Legumes are critical crops in the current with potential for market integration while vegetables provides opportunities for market participation of smallholder farmers and improved access to locally produced crops and export potential. The value chains are relevant to the needs of smallholder farmers, and they build on IFAD's previous results in the country.		
Technical soundness	Moderate	Moderate
Risk: complexity, over/insufficient-ambition – Access to financial services is expected to unlock most investments in the smallholder farmers, such as access to working capital and climate proofed infrastructure such as shade nets. Inadequate incorporation of lesson learned and best practices may affect project implementation.	Moderate	Moderate

<p>Mitigations: The design is based on lessons learnt from other similar projects in the country and in other countries of the region. Lessons from FINCLUDE and SMLP on the need to graduate clusters to ensure only those that are market ready can be linked to formal markets and the need to continuously nurture the relationship between farmers and market players rather than expecting an organic relationship to be developed from Business-to-business linkages that project facilitate. These business-to-business linkages will include visit to farms for both anchors and SHF before a market arrangement is made.</p> <p>The design will promote innovations, such as introduction of shadenets, digital technologies for precision that have been tested elsewhere and will ensure a simple design by having few technical components and ensure components are clearly linked to each other and to project outcomes.</p> <p>De-risking of smallholder farmers to be bankable through several interventions including capacity building (business, Financial, Visioning, graduation and investments in public infrastructure) could provide opportunities for farmers to access financial services. Sensitizing and training financial institutions of the needs of SHF is another measure.</p>		
Institutional capacity for implementation & sustainability		
Implementation arrangements	Substantial	Substantial
<p>Risk: Lack of capacity among project implementing institutions leading to slow implementation progress and lower levels of designed outcomes.</p>	Substantial	Moderate
<p>Mitigations: The project will aim to use a diverse range of institutions that will include Government parastatals, public sector extension services, NGOs and private sector service providers as well as private sector anchor enterprises. Some of the target institutions have gained capacities through implementing current projects such as SMLP and FININCLUDE and the project will leverage such experiences. The use of a competitively recruited project implementation unit and provision of capacity building to implementing institutions will also mitigate these risks</p> <p>Also, SAPEMP will: employ highly consultative and participatory approaches for project, targeting, implementation, monitoring and evaluation; engage in activities that advocate for the promotion of inclusive rural livelihoods and wellbeing in the country; strengthen knowledge management for sharing of project objectives, results and lessons; assure transparency in targeting and measures to effectively avoid elite capture.</p>		
M&E arrangements	Moderate	Low
<p>Risk: Delayed implementation progress of key activities which may lead to delayed delivery of expected project results.</p> <p>Poor quality of project results as a result of some or a combination limited capacity of staff to adequately execute M & E function and/or inconsistent and low-quality data; of inadequate oversight and support by relevant government agencies/departments.</p>	Moderate	Low

Mitigations: Early engagement of implementing partners to ensure timely delivery of project results. SAPEMP will: develop tools and accountability reporting requirements; enhance budget controls in the implementation process; strengthen M&E capacities by providing TA and training to M&E staff coupled with use of innovative data management tools such as digital farmer diaries; conduct regular monitoring, evaluation and reporting mechanism and platforms to share results, promote accountability and transparency about impact; and involve key government agencies in Supervision and implementation support missions.		
Procurement		
Legal and regulatory framework	Moderate	Low
Risk(s): The lack of national standard bidding documents and a procurement manual/user guide, as well as the incomplete sharing of data concerning procurement monitoring and methods of procurement may be a source of inefficiency for project procurement, resulting in procurement delays, higher procurement costs and reduced procurement effectiveness which may jeopardize the achievement of the PDO.	Moderate	Low
Mitigations: The Eswatini Public Procurement Regulatory Agency (ESPPRA) has finalized the national manual/user guide by the time of SAPEMP project design but had not yet rolled them out for use. In the meantime, SAPEMP will employ IFAD's full set of standard procurement documents, including the procurement plan template to monitor and update implementation progress of approved procurement activities.		
Accountability and transparency	Moderate	Low
Risk(s): Medium risk of corruption (based on the 30/100 score assigned by Transparency International to Eswatini and ranking 130/180 in 2022). Low engagement of the public and civil society organizations in public procurement including as observers in various stages of the procurement process. This poses risk of lack of citizens monitoring of procurement processes to ensure public procurement processes are transparent and accountable.	Moderate	Low
Mitigations: The Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to SAPEMP, vendors and third parties, in addition to the relevant national anticorruption laws. The PMU will make use of prior and ex-post reviews and of annual audits to ensure accountability and transparency. ESPPRA should create a platform for engagement/exchanges with the civil society, including building capacity, and reach out through informative sessions.		
Capability in public procurement	Substantial	Moderate
Risk(s): non-professionalization of procurement and low recognition of procurement as a career in the public sector. This poses the risk of procurement processes being carried out by unqualified procurement practitioners and high incidences of non-compliance with the Procurement Act and Regulations.	Substantial	Moderate
Mitigations: ESPPRA should work with universities to incorporate procurement studies in tertiary institutions and lobby for the legislation of a Procurement Practitioners Act for public procurement to be treated as a strategic level activity in corporate structures to give the procurement profession better recognition by stakeholders. ESPPRA to conduct regular procurement training to close the skills gap among procurement practitioners. PMU procurement staff will be trained on contract management, sustainability and SECAP requirements.		

Public procurement processes	Moderate	Moderate
Risk: Delays in tracking key stages of contract implementation, late payment of invoices, and coordination among various units involved could slow down the procurement process, resulting in project implementation delays, affecting the achievement of the planned targets and, consequently, of the overall PDO.	Moderate	Moderate
Mitigations: Adopt a risk-based approach to procurement. Train procurement staff on contract management, sustainability and SECAP requirements. SAPEMP will be set up onto the new End-to-End procurement system (OPEN) and the contract monitoring tool (CMT) functions of the IFAD Client Portal, to track and improve the quality of procurement processes and contract management, respectively.		
Financial Management		
Organization and staffing	Substantial	Substantial
Risk: The proposed implementing agency is the Parastatal EWADE under the ministry of Agriculture. Ongoing projects in Eswatini have experienced frequent staff resignations because of the issues around compensation packages. The frequent staff changes have created knowledge gaps in the programme with detrimental effect to programme quality. Previous IFAD funded projects implemented through similar structures (PMU under EWADE) have had issues with timeliness and quality of financial reports to IFAD. Another risk is that SAPEMP also is a complex programme due to multiple financiers. While PMU shall be made up of relevantly qualified personnel with appropriate expertise in their chosen fields, there may be lack of staff familiarity with IFAD, GEF and GCF procedures.		
Mitigations: In order to mitigate the risk of quality and timeliness of financial reporting for the project, EWADE as a parastatal would negotiate with the Ministry of Agriculture and the Ministry of Finance to review the compensation packages for key staff to ensure staff retention. The programme would also recruit quantified and experienced finance and accounting staff to manage the programme from inception. There will be MoUs between the PMU and FAO-Eswatini which will stipulate requirement on financial reporting. Any non-compliance from the implementing partner may have their disbursements suspended as a penalty for non-compliance. Regarding familiarity with IFAD, GEF and GCF procedures, FMD will provide capacity building training to the Finance Staff who will be selected competitively. The capacity building will include familiarization with procedures on financial reporting, expenditures categorizations across components, categories, financial reporting timelines and other financial management related to the Programme.		
Budgeting	Substantial	Substantial

Risk(s): The programme has multiple financiers namely IFAD, GEF, GCF, Private Sector, Government Contribution and Beneficiaries contribution. There is a risk of mix-up in budgeting and expenditure allocations to these multiple financiers. There may also be a risk that annual work plans and budgets are not prepared or revised on a timely basis, and not executed in a coherent manner, resulting in funds not being available when needed, ineligible costs and reallocation of Programme funds and slow implementation progress. In Eswatini, annual programme budgets of donor projects are required to be approved into the national budget every year. There is the risk the project may not submit annual work planning and budget on time due to long administrative procedures.		
Mitigations: Ensure the Cost-tables, PDR and PIM have adequate details on key activities to be implemented and sources of finances for these costs. Subsequently, the AWPB will be prepared with adequate details on financing for key activities to ensure adequate guidance to the accounting team in booking of the expenditure. The MS Excel AWPB will have a column to show financiers and proportion of financing should the activity be financed from several sources. The PMU will coordinate the budget preparation processes with close coordination with FAO Eswatini as the major implementer and submit for approval by following the national budget calendar. Budget monitoring will be carried out periodically, at least on quarterly basis and any significant deviations discussed within the project for remedial actions. Approved budget will be coded in the accounting system for ease of monitoring and aligning expenditure when posting.		
Funds flow/disbursement arrangements	Moderate	Moderate
Risk: There is a risk of commingling of funds at the entity which will be provided with advances for implementation of programme activities. These includes the Central Bank of Eswatini which will receive advances from IFAD and transfers to the accounts of the PMU. Also, in addition to external development partners financing, there are Counterpart finances expected to be received from the Government of Eswatini and contributions from the private sector.		
Mitigations: To mitigate on risks of commingled funds and ease of accounting of any advance provided, funds will be held in Programme dedicated accounts for which there will be monthly bank accounts reconciliation and financial reports. All partnering institutions that will receive project funds will have sub- programme accounts for segregating the funds received. There will be monthly financial reports and bank recompilations by the PMU enable monitoring operations of sub-accounts and consolidation. All partnering institutions will sign MoUs clearly highlighting the requirements for a separate bank account and financial reporting requirements		
Internal controls	Substantial	Substantial
Risk(s): The PMU will be responsible for overall financial management of the Programme. It will be responsible to release funds against agreed plans, drawn out of the approved AWPBs, disburse funds to implementing agencies and coordinate monitoring and financial reporting for the Programme as a whole. There may be a risk that appropriate controls over Programme funds are not in place, leading to the inefficient or inappropriate use of Programme resources.		

Mitigations: Internal controls have been instituted in the whole framework of financial and administrative procedures of EWADE. The identified controls range from; proper record keeping and posting, authorization of accounting, procurement and administrative documents, physical security of assets, double signing (approval) arrangements, to financial reporting and monitoring. There will be internal audit function to check overall compliance to internal controls and provide support towards improving systems, procedures and processes. The control environment will be monitored using both internal and external audit and oversight.		
Accounting and financial reporting	Substantial	Substantial
Risk(s): There is a risk of delays in consolidation of programme financial reports at PMU which will be preparing consolidated financial reports for the program and inaccurate financial reporting due to the complex nature of the programme which has multiple financiers, categories and components. There are also possibility of delays and inaccuracies in financial reporting due to improper coding of transactions and the multiple currencies that may be involved.		
Mitigations: To mitigate on risks on financial reporting an appropriate accounting system will be acquired capable of multiple analysis code for reporting on component, categories, financiers, for reporting quarter, cumulative for the year and cumulative since start of the programme including recording of memorandum data on in kind contribution (IKC). There would appropriate segregation of duties around data entry, review, approval and posting to ensure accuracy and reliability. There will be standardized chart of accounts using the policies and definitions of EWADE and harmonised financial reporting template for all financiers to ease financial reporting.		
External audit	Substantial	Substantial
Risk(s): There is a risks of inadequate audit coverage of the programme audit considering OAG of Eswatini may be under-staff and not adequately resourced. There is also the risk of delays in the release of Audit reports because slow review processes and approval by the Auditor General.		
Mitigations: A comprehensive audit coverage plan has been prepared which will ensure adequate audit coverage. The plan provides for adequate annual audits at both PMU and FAO level, ensuring all chiefdoms are covered adequately. The project will be audited by private Audit firms. The auditor will prepare a work plan to ensure adequate coverage of the various institutions and chiefdoms that receive Programme funds and cover all the major risk areas and adequate coverage as per coverage plan. The audit terms of reference will be approved by IFAD in advance in line with the guidance provided in the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed projects.		
Stakeholders		
Stakeholder engagement/coordination	Moderate	Low

Risk: Firstly, government stakeholders relevant to the project could feel they have been insufficiently consulted resulting in disagreement with the changes proposed by the project from a supply to a demand-driven approach. Secondly, sometimes the best development opportunities promoted by the projects are accessible to adult men in a favourable position or the same advanced groups who are prepared and trained to benefit from any project opportunity and some social groups could claim being excluded from accessing project opportunities to improve their income	Moderate	Low
Mitigations: Participation and consultation with stakeholders was done extensively during the development of this PCN as attested in the list of persons met. The project has also developed a draft stakeholder engagement matrix (attached to the SECAP), which identifies various stakeholders, how they will be engaged, information feedback loops and channels of communication. A detailed stakeholder engagement strategy and plan will be developed at the pre-implementation stage as part of measures to manage the risks. SAPEMP will also: make use of participatory and community-led methods of implementation, such as the highly inclusive Chiefdom Development Planning, for community buy-in ownership and sustainability; engage with traditional leadership on the threats posed by political instability and the need to address such contentious issues as access to land; mainstream conflict resolution and negotiation skills in project activities; adopt a clear social inclusion strategy to ensure engagement of youth, women, PWDs, PLWHAs and other vulnerable groups.		
Stakeholder grievances	Moderate	Low
Risk: Ineffective or late activation of grievance/complaints redress mechanisms leading to unaddressed stakeholder complaints that may result in poor motivation and low project participation. This could undermine project implementation and achievement of project development objectives.	Moderate	Low
Mitigations: The project shall develop a grievance redress mechanism at the pre-implementation stage, which will guide grievance redress and conflicts management throughout the project cycle. Grievance redress processes shall be made available throughout project implementation to allow target groups to voice complaints or report wrongdoing and facilitate timely resolution of potential or realized negative impacts arising in connection with the project. The project shall ensure that grievance redress processes are easily accessible, fair, transparent, and establish clear steps and responsibilities from complaint to resolution. Stakeholders including beneficiaries and vulnerable groups shall be made aware about the existence and functioning of such processes at the initial stages of project implementation and trained on its use.		