PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA57910

Project Name	Moz Agriculture and Natural Resources Landscape Management Project (P149620)
Region	AFRICA
Country	Mozambique
Sector(s)	Agro-industry, marketing, and trade (40%), General agriculture, fishing and forestry sector (40%), Rural and Inter-Urban Roads and H ighways (20%)
Theme(s)	Rural markets (45%), Rural services and infrastructure (35%), Land administration and management (12%), Other environment and natura l resources management (8%)
Lending Instrument	Investment Project Financing
Project ID	P149620
Borrower(s)	Ministry of Economy and Finance
Implementing Agency	Ministry for Land, Environment and Rural Development
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	05-Apr-2016
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Estimated Date of Appraisal Completion	31-Mar-2016
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Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

Mozambique's economic performance has been strong since the end of the civil war in 1992, but growth has not been inclusive recently. The country's Gross Domestic Product (GDP) grew an average of 7.4 percent from 1993 to 2013, higher than the average 4.4 percent of Sub-Saharan African non-oil economies. GDP growth improved living standards in the early years after the war when the poverty rate fell from 69 percent in 1996 to 56 percent in 2003. However, poverty has fallen only slightly from 56 to 52 percent between 2003 and 2009. Per capita income in 2014 was US$586, about one-third of the Sub-Saharan African average. The weakening correlation between economic growth and the poverty rate suggests that growth in the last twelve years has been less inclusive. Mozambique's recent growth has been driven by capital-and import-intensive mega-projects with limited linkages to the local economy. The bottom 40 percent of the population, located mostly in rural areas, has benefited less from growth than the overall population.

The country has a large endowment of renewable natural resources. Mozambique's substantial natural capital includes 36 million ha of arable land and 40 million ha of natural forests. This translates into significant potential for agriculture and forestry development for food security and commercial purposes. However, Mozambique's natural resources are being rapidly depleted: 220,000 ha of natural forests are lost every year, and erosion is pervasive. Ensuring the sustainability and resilience of the natural resource base on which agriculture and forestry depend, particularly soil and water, is critical for sustainable development.

Agriculture is essential to Mozambique's development, but its potential will remain underutilized if productivity is not significantly increased. Though 45 percent of the country is suitable for agriculture, less than 10 percent is currently cultivated. Inefficient and limited provision of agricultural services is among the key limiting factors in increasing production and productivity. For example, the climate of Mozambique is such that the risk of harvest loss in rainfed agriculture exceeds 50 percent in all regions south of the Save River, and can reach up to 75 percent in the interior of the Gaza province. The north of the Manica province and the south of the Tete province regions also have a risk of harvest loss in rainfed crops of more than 50 percent. The Government of Mozambique (GoM) has thus made the development of irrigation a priority for agriculture and rural development.

Extreme poverty is concentrated in a few geographical areas in Mozambique. While poverty rates dropped in most of Mozambique's provinces between 2003 and 2009, they increased in the provinces of Gaza, Manica, Sofala and Zambezia. The number of poor in these four provinces increased by 1.6 million between 2003 and 2009, representing approximately 70 percent of the country's poor in 2009, up from 59 percent in 2003. In Nampula, a province with more than 22 percent of the country's poor, poverty remained practically unchanged during this period. Zambezia and Nampula alone account for almost half of the country's poor. (CPF, 2016)

A new government took office in February 2015, after general elections. The new administration adopted a Five Year Development Plan (Plano Quinquenal do Governo) 2015-19 (PQG) with a strong emphasis on rural development through the promotion of productive activities in rural areas with focus on the Central and Northern provinces, particularly in agriculture and forestry.

Sectoral and institutional Context

To support the implementation of the PQG, the Government, through the Ministry of Land, Environment and Rural Development (MITADER), has articulated a vision to promote integrated sustainable rural development in its comprehensive Programa Estrela, Desenvolvimento Rural Integrado e Sustentável (Integrated Sustainable Rural Development Program), 2015-2019, focused on five strategic priorities. This vision also includes MITADER's: Terra Segura (Secure Land) aimed at registering 5 million parcels and completing 4,000 community land delimitations; and Floresta em Pé (Standing Forests) aimed at promoting sustainable forest management (including forest management certification) and curtailing illegal logging. In addition, MITADER is leading the climate change and Reducing Emissions from Deforestation and Forest Degradation (REDD+) agendas, with significant levels of financing from international sources. Of noteworthy mention is the Zambezia Emissions Reductions Program , which aims to reduce net deforestation and increase rural income in over seven Districts in the Zambezia Province, thus generating results-based payments for emissions reductions to be distributed among stakeholders in the area.

The Ministry of Agriculture and Food Security (MASA) has also outlined its strategy and investment priorities geared toward raising rural incomes and improving food security in the Strategic Plan for Agricultural Development (PEDSA, 2011-20), the National Agriculture Investment Plan (PNISA, 2014–2018), the Attributions, Priorities and Challenges (PODA, 2015-2019), and the PQG 2015-2019 in the agriculture sector. Recognizing the increasing importance of building resilience to climate variability and change, MASA has also developed the Action Program for Climate Change Adaptation in Agriculture 2015-2020, with actions aimed at mitigating both longer term climate and shorter term weather risks.

The National Water Resources Management Strategy, approved by the Government in 2007, outlines a number of priority interventions to ensure integrated water resources management. Among the strategic actions is the development of river basin management plans and infrastructure investments aimed at increasing water storage capacity for irrigation and agriculture development thereby targeting smallholder farmers. With highly variable inter-annual river flows, the amount of usable and available water resources depends heavily on the development of storage and diversion infrastructure, without which only a small fraction of the total runoff can be utilized. The Ministry of Public Works, Housing and Water Resources (MPOHWR), through the National Water Resources Management Directorate (DNGRH) and the Regional Water Administrations (ARAs) are currently promoting integrated river basin planning and improved catchment management practices for sustainable development.

The Government's strategic vision of integrating the promotion of rural development with increased resilience and sustainability of natural resources lays the foundation for the implementation of an integrated landscape management approach. The landscape approach recognizes the interdependence between value chains in agriculture and forestry , and natural resources (particularly soil and water), and seeks to increase rural households' incomes while strengthening the resilience and sustainability of these natural resources. A sustainable landscape will simultaneously meet local needs (e.g., water availability for households and business needs), while also contributing to national commitments and international targets, such as protecting biodiversity and reducing greenhouse gas (GHG) emissions. This approach offers tools to deal with the trade-offs related to land use choices (i.e., land use planning through spatial and participatory tools, multi-stakeholder platforms to promote collaboration, monitoring frameworks beyond project level).

Mozambique has favorable natural conditions for agricultural and forestry production and for agribusiness investment in the majority of the country. Agriculture is the largest economic sector in the country accounting for over 25 percent of Mozambique's GDP and employing 72 percent of the workforce. Approximately 3.9 million households cultivate an area of about 5.1 million ha (out of 36 million ha) of arable land, mostly practicing subsistence agriculture on holdings not larger, on average, than 1.3 ha (DE/DNSA, 2014). The number of medium and large farms has doubled from 2000 to 2010 , but it still represents a very small proportion of the overall number of farms given that 99 percent are farmed by smallholders. This condition provides an investment base and markets to expand smallholder farmers' participation in key agriculture and forest-based value chains. The soils are generally fertile in northern and central Mozambique, and the average rainfall is close to 1,000 mm/year. Countrywide, there are abundant water sources for irrigation, good rainfall and diverse environments allowing for a range of agriculture and forest-based products. The recent growth in commercial agriculture points to the country's untapped agribusiness investment

potential. The Center for Investment Promotion (Centro de Promoção de Investimentos), shows that from 1990-2011 there have been 63 Foreign Direct Investment projects in the agriculture sector in Zambézia, and 50 in Nampula, amounting respectively to US$2.7 billion and US$2.5 billion (Massingue and Muianga, 2013). Emerging value chains include poultry, soy, sesame and cashew, and there is significant scope to expand sustainable cultivation of agricultural land and domestic food processing. Multi-purpose forest plantations also have elevated potential in Mozambique, and there have been some recent large-scale investments in the sector. Government estimates suggest that up to 7.0 million ha could be allocated for forest plantation development , as plantations have moderately good yields. Thriving value chains in agriculture and forestry can form the backbone of the rural economy by creating jobs, increasing rural income, strengthening food security, and facilitating better nutrition.

However, low productivity, marginal use of improved inputs and labor-saving technologies, poor agronomic knowledge and limited rural infrastructure characterize the agriculture and forestry sectors. In 2014, only 2.9 percent of smallholder farmers used improved seeds and 4.6 percent used fertilizers. Smallholder farmers' integration in value chains is modest. Agriculture and forestry development is marred by a number of barriers, including inadequate government support services (e.g., ineffective and poor coverage of agricultural extension and technical assistance , lack of access to mechanization services), limited access to inputs (e.g., insufficient availability and affordability of improved seeds), limited access to credit, unrecognized/unregistered land rights and complex land access procedures, as well as lack of key rural infrastructure (particularly storage, rural feeder roads and water storage and irrigation. Finally, unsustainable land use practices, such as widespread slash and burn agriculture, poses significant threats to the sustainability of natural resources, particularly soil and water.

Lack of access to finance is a serious constraint for the private sector, in particular in rural areas where the bulk of agriculture activities take place. The latest data from Finscope (2014) indicates that the percentage of adult population who used bank services has increased to 20 percent from 12 percent in 2009 although this increase is still below most peers. Additionally, there remains an urban/rural gap in banking with 40 percent of urban adults who banked compared to 10 percent of rural adults, while a gender gap also persists with 25 percent of male adults who banked compared with 16 percent of female adults. The main challenge appears to be cost; firms are almost always required to provide collateral for a loan, interest rates are close to 20 percent, and loan tenors tend to be less than 12 months. The outreach of formal financial institutions to rural areas is a major challenge for the development of the sector. Barriers to accessing financial products include lack of affordability, long distances to reach financial institutions, a lack of awareness and trust, and legal and regulatory constraints, particularly around land tenure. For banks and other financial institutions, inaccessible roads, the high cost of running a branch in rural areas and infrastructure constraints are the main reasons for limited penetration in rural areas. Mobile financial services are still at an incipient stage, limiting the role these platforms can play to facilitate access to key services without large and costly expansion of branches. Lack of capital for promising sectors that require it the most to sustain investment ultimately hinders competitiveness and economic diversification.

Agriculture finance remains particularly limited notwithstanding recent initiatives to increase access and overall growth in credit to the private sector. The share of commercial banking lending to agriculture was 3.7 percent in 2015 down from 9.4 percent in 2008. Commercial banks serve the larger farmers and larger agribusinesses. Smallholder farmers most often rely on state/district

development funds, credit cooperatives, input providers, self-help groups, family and relatives for sources of financing. There are also very few MFIs that lend to farmers. Outgrower financing (or value chain financing) is an important source of finance for more commercially driven smallholders who sell to large buyers. A key obstacle to scaling-up outgrower financing is "side selling" or the farmers' lack of loyalty to the buyer that provided financing to them (mostly in-kind, inputs). As a result, outgrower financing schemes rely on well-organized value chains with dominant buyers that control purchasing in a given region. Thus in Mozambique, outgrower financing is more prevalent in cotton, sugar, and tobacco but not much in other value chains. There is also some outgrower financing through seed companies. Despite the existence of various government and donor programs, the uptake of credit by smallholder and small emerging commercial farmers (SECFs), along with small to medium size agribusinesses still remains low. Recent initiatives by donors (USAID, Netherlands, and DANIDA) that combine intensive technical training, coupled with financing mechanisms such as partial credit guarantees and matching grants, as well as training and orientation with the banks, are showing promising, but still tentative results. Banks have also recently demonstrated greater appetite to lend to the sector although expertise in appraising and reviewing agriculture-focused loans remains limited.

Households in Mozambique, as well as agriculture and forestry value chains, are highly dependent on natural resources. Renewable natural resources, including forests and woodlands, contribute significantly to the welfare of rural Mozambicans, through the provision of subsistence needs (food, shelter, energy) and cash income. Woodlands in Mozambique contribute to over 80 percent of total domestic energy supply in the form of firewood and charcoal. Forests also provide livelihoods for many rural communities through harvesting of medicinal plants, honey, mushrooms, fruits and other non-timber forest products. These can generate significant income to rural communities when linked to markets. Sustainable natural resources management is closely linked to agricultural performance, since agriculture production benefits from a range of environmental services generated at the landscape level, including water availability and quality, soil fertility conditions, pollination and rainfall patterns. Agriculture can have positive or negative impacts on natural resources depending on the adopted practices and their effects on land cover and ecosystems. Sustainable agriculture practices, such as conservation agriculture and agroforestry, consider this interdependence and seek to increase productivity while strengthening the resilience of natural resources and the productive systems. There are experiences in Mozambique based on the adoption of such practices, but they are still limited in number and scale.

Underdeveloped transport and irrigation infrastructure poses constraints to the agriculture and forestry sectors. Mozambique's road network comprises nearly 30,000 km of classified functional roads, 77 percent of which are unpaved. Lack of transport connectivity impinges on the rural population's access to markets and to key services. The Rural Access Index (RAI) for Mozambique is 17 percent, that is, only 17 percent of the rural population is estimated to live within 2 km of a road in good condition, leaving about 16 million people unconnected. In northern and inland provinces, the RAI is estimated at less than 5 percent. Despite a potential 3 million ha for irrigation, only 180,000 ha are equipped with infrastructure and only 90,000 ha are operational. The National Irrigation Institute (INIR) is developing the National Irrigation Program, based on an assessment of the potential and a roadmap for irrigation development, including infrastructure and services, public and private sector capacity development and rehabilitating and developing 8,000 ha of irrigation in the next two years. Most irrigation infrastructure is in the southern region, in Maputo and Gaza provinces with the lowest productivity potential, whereas high-potential areas in the northern and central regions have very limited coverage.

There is significant potential for growth, both in terms of expansion and increasing productivity and efficiency of agriculture and forest-based value chains, according to analytical work on several agriculture and forest-based value chains, and feedback provided by producers, processors and traders/exporters during Project preparation. With the exception of beans and cashew nuts, which will likely find attractive world-level markets, all other crops prioritized (see Annex 5) are forecast to be at import parity price in Mozambique in 2025, typically offering the most attractive farm gate prices to Mozambican producers and implying significant scope for expanded production without problems of absorption capacity or downward pressure on prices. In planted forests, the GoM has a target of establishing 1 million ha of forested land by 2030. While the target may be somewhat overambitious, if the challenges of improving the investment climate are efficiently addressed, reaching between 300,000 to 500,000 ha of planted forests in the next 15 years would be a major accomplishment, and could create between 6,000–25,000 qualified jobs in the plantation sector.

New private investment opportunities exist, but they require complementary public investments to address barriers. Some of these investments are value chain and area-specific, while others apply across all areas (such as improving land tenure security and natural resources management). All investments require careful identification and targeting. In most value chains, the development of production, product quality and quantity, and aggregation capacity depends on the existence of private sector-led SECFs and/or well-organized producer groups and efficient linkages between producers and processors/buyers.

The lack of registration and formal recording of land use rights in cadastral and legal registries renders smallholder farmers and communities vulnerable to losing their land to other land users, including incoming private investors. This can lead to a lack of confidence in tenure security and an unwillingness to invest in longer-term projects and in conservation of the land and natural resources. When legal registration of land use rights occurs, communities and individual land rights are protected and promote greater investment in on-farm production by farmers. Land use rights also provide the basis for negotiations between farmers/communities and investors who are interested in acquiring local land for new projects. As a result, local populations benefit concretely from their own land and natural resources, and participate as active stakeholders in new investments and value chain/agribusiness development. Also, investors achieve greater security for their investments as the potential for conflicts with local rights holders is reduced.

Increased land tenure security and proper land use planning can directly contribute to increased agriculture productivity and sustainable management of natural resources by increasing the incentives that landholders have of adopting land use practices that account for their long-term effects. To-date, total land titles (DUATs) issued to individuals and associations in Mozambique is slightly over 300,000 out of 14.1 million individual properties (2.1 percent) while over 450 Community Delimitation Certificates (CDCs) out of 5,000 communities (9 percent) have been issued (DINAT, 2016). Although the land policy in Mozambique is sound, its implementation at the national, provincial, and local levels is cumbersome. Institutional arrangements are not clear and lead to duplication in land registration and land administration services are weak. Added pressure over land resulting from increased investments in the country increases the risk of social instability if land tenure security is not improved. Moreover, land use planning needs to be enhanced so that returns on land use are increased while simultaneously reducing risk. Adequate assessment and management of trade-offs is dependent on effective land use planning. Promoting tenure security, particularly in line with the objectives of the Voluntary Guidelines for the Tenure of Land, Fisheries

and Forests, will contribute to Mozambique's progress toward achieving the Sustainable Development Goals (including SDG-1: Poverty, and SDG-5: Gender).

Climate change threatens agriculture and forest-based value chains. Mozambique is ranked the third most vulnerable country to climate change in Africa, with climate change impacting 58 percent of the population and more than 37 percent of GDP by exposure to two or more natural hazards per year. This has generated on average a 1.1 percent annual loss of GDP between 1980 and 2003. Economic gains from growth and infrastructure development are significantly undermined as a result of recurrent water and weather-related hazards. Furthermore, stress on natural resources is expected to increase due to climate change, which will lead to more frequent and intense droughts, flooding and extreme weather events. Temperatures are expected to increase by 1.4-3.7 °C by 2060, while rainfall will decrease during the dry season (January-June) and increase in the wet season (July-September). An increasing number of floods will affect particularly the northern region of the country.

The GoM has requested World Bank (WB) assistance to implement the Programa Estrela (2015-2019). The success of Programa Estrela will depend, to a large extent, on its ability to raise rural incomes, orient multi-stakeholder coordination and integrated interventions at the landscape, Provincial and District levels to deliver countrywide impact. The Mozambique Landscape Management Program, a proposed WB Program in support of the larger Programa Estrela, would contribute to the implementation of key elements of Programa Estrela by financing the development of agriculture and forestry value chains, with a strong emphasis on strengthening land security and the sustainability of the natural resources base, local level land use planning and management. This integrated approach should allow for trade-offs between higher agriculture productivity and increased cultivated areas and sustainable natural resources management to be properly analysed and managed. This is expected to result in decisions that take into account social, economic and environmental risks when developing value chains.

II. Proposed Development Objectives

The proposed project development objective is to integrate rural households into sustainable agriculture and forest-based value chains in the Project area and, in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.

III. Project Description

Component Name

Component 1: Agriculture and Forest-Based Value Chain Development

Comments (optional)

Component Name

Component 2: Securing Land Tenure Rights and Increasing Natural Resources Resilience

Comments (optional)

Component Name

Component 3: Project Coordination and Management

Comments (optional)

Component Name

Component 4: Contingency Emergency Response

Comments (optional)

IV. Financing *(in USD Million)*

Total Project Cost:	80.00	Total Bank Financing:	80.00
Financing Gap:	0.00		

For Loans/Credits/Others	**Amount**
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	80.00
Total	80.00

V. Implementation

MITADER will be responsible for overall strategic guidance and will coordinate Project implementation. The creation of MITADER offers an excellent opportunity to bring land management and administration, rural and community development and agricultural investment together within a single, integrated Project. The lead agency for Project coordination within MITADER will be UGFI. The following National Directorates within MITADER will be involved in Project coordination: National Directorate of Land (DNAT), National Directorate of Rural Development (DNDR), and National Directorate of Forests (DNAF). The UGFI will also coordinate with the following National Directorates in other line ministries: MASA, through the National Directorate of Agriculture and Planted Forests (DNAS), the National Directorate of Extension (DNEA), INIR, and the Center for Promotion of Agriculture (CEPAGRI); MOPHRH, through the National Roads Authority (ANE) and National Directorate for Water Resources Management (DNGRH). Each National Directorate will appoint a Project Focal Point who will participate in Project activities including in the preparation of the annual work plans and budgets, annual progress reports, provide terms of references (TORs) in his/her respective areas of expertise, and contribute to the supervision of the actions under his/her areas of responsibility.

Project Oversight. A Steering Committee will be responsible for strategic guidance of the Project. Specific tasks of the Steering Committee will include approving annual activity plans and budgets, midterm review report, and end-of-project report. The Steering Committee will meet twice a year, and will hold extraordinary meetings when necessary. It will be chaired by the Minister of MITADER, and will have the following composition: (i) one of the National Directors from Land, Rural Development or Forests, to be appointed by the MITADER Minister; (ii) DNAS, DNEA, INIR or CEPAGRI, to be appointed by the MASA Minister; (iii) ANE or DNGRH, to be appointed by the MOPHRH; and (iv) Commerce from the Ministry of Industry and Commerce.. The Coordinator of the UGFI will be a member of the Steering Committee, and the UGFI will serve as the Secretariat. The Provincial Directors of MITADER in the two Project provinces and the Director of the Regional Water Administration (ARA) Centro-Norte will be part of the Steering Committee, as observers, along with a Private Sector and Civil Society representative.

Project Coordination will be carried out by the UGFI at the central level. The UGFI will be tasked with the coordination of all Project activities, including technical supervision and coordination, overall Project planning, quality oversight, communication, safeguards management, reporting, procurement, financial management, monitoring of Project activities and monitoring and reporting on its progress on a regular basis. At the central level, the UGFI will be responsible for the management of fiduciary issues, in conformity with the standards and requirements contained in the legal agreement and agreed upon with the WBG. The UGFI Coordinator will be the Project Coordinator, and the UGFI project management team will comprise a financial manager, a procurement specialist and an accountant, as well as a monitoring and evaluation officer, communication specialist, safeguards specialist, and technical specialists for coordination of the following areas of expertise: land, forest natural resources management, value chains and rural development. Technical design and supervision of the irrigation infrastructure and services development will be led by INIR, and water availability assessments by the DNGRH together with ARA Centro-Norte. The UGFI will coordinate the work of the Focal Points from the Ministries to ensure their regular participation in project implementation. In addition to participating in the preparation of Project activity plans, the Focal Points will participate in site visits and in discussions with Service Providers and local authorities.

Day-to-day Project implementation will take place at Provincial and District levels. Implementation of Project activities in each Province will be coordinated by the MITADER Provincial Directorate (Direcção Provincial de Terra, Ambiente e Desenvolvimento Rural, DPTADER) in close coordination with the MASA Provincial Directorate (Direcção Provincial de Agricultura, DPA) and ARA Centro-Norte. A Provincial Project field coordinator and technical specialists will be hired for each of the two Project Provinces. The provincial field coordinators will coordinate and monitor Project implementation progress at the provincial level and interface with the SDAE and SDPI units of each District. They will propose decisions in line with the Project objectives and institutional arrangements, will report to the UGFI Coordinator and will keep the MITADER Provincial Directors informed on project implementation at the Provincial level. In addition to serving as the PIUs at the Provincial level, DPTADERs will serve as a “Landscape Coordination Units”, responsible for: (a) coordination of different initiatives across the Provincial landscapes (including both state and non-state projects and programs with significant impact on the landscape); and (b) ensuring that environmental and social considerations are taken into account when interventions are implemented in the area (e.g. commercial agriculture impact on forest cover and critical natural habitats).

The Provincial Multi-Stakeholder Landscape Forums (MSLFs) supported will play an important role in Project coordination and integrated landscape management. The two Provincial MSLFs will bring together stakeholders in discussing relevant issues in the landscape, including natural resource management challenges and land-use trade-offs. Provincial Project field coordinators, in partnership with DPTADER, will provide support to the respective forum secretariats, and assist members in the development of annual strategic action plans (SAPs), which will enable monitoring activities and tracking performance against clear goals established in participatory manner. SAPs will include annual Project activities and their linkages with activities planned by other stakeholders, and will assess the work of service providers and provide suggestions for better performance. MSLFs and their SAPs will thus contribute to fostering Project ownership and awareness among landscape stakeholders, as well as orient strategic efforts and create synergies within the Project area.

Activity implementation on the ground will primarily be handled by service providers (value chains,

financial, land, irrigation and natural resources resilience) with the involvement of local technical staff at Provincial Directorates of MITADER, MASA, MOPHRH and MIC, and with the District Administrator and the District Services of SDAE and SDPI units. Feeder roads and irrigation systems works would be supervised by MOPHRH and INIR and any works, i.e. warehouses, etc., financed from the Matching Grants and Partial Credit Guarantee scheme (PCG) to support value chains development will be overseen a Matching Grants' Unit in the UGFI and a PCG Fund Administrator.

Value chain development finance will be provided through Matching Grants, PCG and commercial loans. A financial service provider will be contracted to administer the PGF and the MG scheme will be managed by a MG Unit in the UGFI. Allocations are made through a competitive selection process and first come first served basis based on demonstrated evidence of benefits to smallholders and MSMEs through business linkages as presented in a proposed business plan. The MG scheme and PCG fund operate along the principles of a public-private partnership to provide concession and grant finance to market-oriented ventures.

Project Implementation Manual (PIM). A draft PIM is under preparation and is a condition of effectiveness. The PIM covers the following areas: General purpose PIM, Project History, Objectives and Components, Implementation timeline, Institutional arrangements, Landscape's Overview, Beneficiaries and Location, Budget, Accounting policies, System of Accounting and Financial Reporting, Administrative procedures (Operating Procedures, Administrative / Financial, Procurement, Monitoring and Evaluation, Management Fixed assets).

An operational manual for the Matching Grant Scheme, and a second operational manual for the Partial Credit Guarantee fund are under preparation and will be a condition for disbursement.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	×	
Natural Habitats OP/BP 4.04	×	
Forests OP/BP 4.36	×	
Pest Management OP 4.09	×	
Physical Cultural Resources OP/BP 4.11		×
Indigenous Peoples OP/BP 4.10		×
Involuntary Resettlement OP/BP 4.12	×	
Safety of Dams OP/BP 4.37	×	
Projects on International Waterways OP/BP 7.50		×
Projects in Disputed Areas OP/BP 7.60		×

Comments (optional)

VII. Contact point

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