Financing Agreement

(Market Led Smallholder Development in the Zambezi Valley Project)

between

REPUBLIC OF MOZAMBIQUE

And

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 9, 2006
FINANCING AGREEMENT

AGREEMENT dated August 9, 2006, between Republic of Mozambique ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS the Recipient intends to obtain a grant from the Global Environment Facility (GEF) equivalent to an aggregate amount of six million five hundred thousand dollars ($6,500,000) to provide additional financing for the Project on the terms and conditions set forth in a grant agreement to be entered into between the Recipient and GEF (the GEF Agreement).

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to fourteen million Special Drawing Rights (SDR 14,000,000) ("Credit") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
2.07. The Payment Currency is Dollars.

ARTICLE III—PROJECT

3.01 The Recipient declares its commitment to the objective of the Project, and, to this end, shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02 Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV—EFFECTIVENESS; TERMINATION

4.01 The following are Additional Conditions of Effectiveness, namely that the Recipient has:

   (a) adopted the Project Operations Manual (OM), in form and substance satisfactory to the Association;

   (b) established a Financial Management System (FMS), in form and substance satisfactory to the Association, to ensure proper execution and monitoring of Project activities;

   (c) has recruited the following technical assistants, satisfactory to the Association: (i) one Senior Financial Management Specialist; (ii) one Senior Procurement Specialist; (iii) two District Facilitators; and (iv) one Field Management Advisor; and

   (d) has recruited a procurement officer at national level.

4.02 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under Section 2 of this Agreement shall terminate is ten years after the date of this Agreement.

ARTICLE V—REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister of Planning and Development.
5.02. The Recipient’s Address is:

Ministry of Planning and Development
Av. Ahmed S. Toure, 21 - 4o. floor
Maputo, Mozambique

Cable: MOBanco
Telex: (258) 21 492-268
Facsimile: (258) 21 492-625
Maputo

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 1-202-477-6391
Facsimile: 64145 (MCI)
Washington, D.C.
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By  /s/ Aiuba Cuereia
     Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By  /s/ Michael Baxter
     Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to increase the income of smallholder farmers in the Project Area.

The Project consists of the following components:

Component 1: Community Based Organization (CBO) and Local Institutional Strengthening

(a) CBOs’ institutional capacity

Strengthening of CBO’s institutional capacity to:

(i) participate in District planning processes;
(ii) efficiently provide services to members;
(iii) identify, design and implement demand-driven Subprojects;
(iv) carry out participatory monitoring and evaluation activities; and
(v) reflect and carry out organizational change, including the formation of larger groups and higher level farmers’ associations, and networks.

(b) Rural financial services.

Facilitate access to rural financial services, including in the following areas:

(i) establishment of savings and loans groups (SLGs); and
(ii) expansion of a financial institution’s activities into the Project Area to provide financial services to the SLGs and to other relevant Project Beneficiaries.

(c) District agricultural planning, coordination and management capacity.

Support District staff to carry out participatory planning process that respond to relevant Project Beneficiaries’ demands in the field of agriculture and related activities.

(d) Participatory land and natural resources planning

Support the District planning process towards the achievement of sustainable land and natural resources management in the Project Area.
Component 2: Agricultural Production and Marketing Development

(a) Agribusiness and market development:

Support to relevant Project Beneficiaries to facilitate agribusiness and market development, including, but not limited to, the following areas:

(i) the design and implementation of out-grower partnerships;

(ii) the design and implementation of District market fora; and

(iii) the design and establishment of local market information and agribusiness services.

(b) Agricultural extension services:

Support to the District Agricultural Directorate in its provision of agricultural extension services, including, but not limited to, the following areas:

(i) appropriate facilities for extension staff, including housing and equipment; and

(ii) crop demonstrations and the preparation of communication materials.

(c) Applied demand-led research, studies and training:

Support to the District Agricultural Directorate in its design, implementation and monitoring of applied research, including, but not limited to, the following areas:

(i) improvement of agriculture and food supply chain linkages;

(ii) agricultural innovation; and

(iii) diversified cropping systems.

(d) Sustainable management of land and natural resources:

Support to relevant Project Beneficiaries to investigate and implement sustainably managed agricultural and agro-forestry systems.

Component 3: Community Agricultural and Environment Investment Fund (CAEIF)

Support to relevant Project Beneficiaries in their endeavor to improve the efficient functioning of the value chains of agricultural produce, and the sustainable management of natural resources, including in the following areas:
(a) Agriculturally related infrastructure Subprojects, both for publicly and for community owned and maintained infrastructure;

(b) Small-scale agricultural investment Subprojects; and

(c) Subprojects addressing sustainable natural resources management.

**Component 4: Project Management, Coordination and Monitoring**

Support to DNPDR at national and provincial levels, and the District administration, district level, to enable them to effectively carry out Project coordination; technical and financial management; procurement; and monitoring and evaluation, including, but not limited to, the following areas:

(a) capacity building of staff;

(b) undertaking the monitoring and evaluation for the Project, including external process monitoring, and impact evaluations;

(c) design and implementation of a monitoring and evaluation framework;

(d) carrying out of audits;

(e) design and implementation of a remote sensing and Geographical Information System (GIS) database to monitor local and global environmental indicators;

(f) design and implementation of a community based monitoring system linked to the GIS database; and

(g) design and implementation of communication strategies.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The Recipient shall carry out the Project under the overall:

   (a) strategic direction and coordination of the following three institutions: the
       Inter-Ministerial Steering-Committee at the national level; the Provincial Steering
       Committees at the provincial level; and the District Consultative Councils (DCCs) at the
       district level; and

   (b) responsibility and coordination for implementation of the following
       Implementing Institutions: (i) at the national level, the National Directorate for the
       Promotion of Rural Development (DNPDR) of the Ministry of Planning and
       Development (MPD); (ii) at the provincial level, the Provincial Directorate for Planning
       and Finance, or another institution designated by the Recipient at provincial level to that
       effect, after consultation with, and followed by a written communication to, the
       Association, supported by the Field Management Adviser; and (iii) at district level, the
       District Administration, supported by the District Technical Team (DTT) and the District
       Facilitator (DF);

       all with due diligence and efficiency and in conformity with appropriate
       economic, administrative, financial, social and environmental standards and
       practices and shall provide, promptly as needed, the funds, facilities, services and
       other resources required for the Project.

2. The Recipient shall:

   (a) maintain the DNPDR, and the District and Provincial administrations, during
       Project implementation, with functions, staffing and resources satisfactory to the
       Association, in accordance with the Project Operations Manual; and

   (b) cause the Implementing Institutions to carry out the daily facilitation,
       implementation, monitoring, evaluation and coordination of the Project at their respective
       level.

3. The Recipient shall:

   (a) no later than December 31, 2009 carry out jointly with the Association, a Mid-
       Term Review of the progress made in carrying out the Project;
(b) no later than thirty days after the completion of the Mid-Term Review, start to implement the recommendations of the Mid-Term Review as agreed with the Association; and

(c) the Mid-Term Review shall assess, *inter alia*: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities.

4. The Recipient shall carry out the Project in accordance with the Project Operations Manual, satisfactory to the Association, said manual to include, *inter alia*, the terms of reference and mandates of the Inter-Ministerial Steering Committee at the national level; the Provincial Steering Committee at the provincial level, and the District Consultative Councils at the district level, respectively, and key staff to be recruited under the Project.

5. To be eligible for financing, a Subproject under Component 3 shall be:

(a) an investment activity, or related technical assistance, consistent with the criteria, terms and conditions established in the Project Operations Manual, initiated and identified by the relevant Project Beneficiary,

(b) appraised, implemented, monitored and evaluated in accordance with the conditions, criteria and procedures set forth in the OM;

(c) economically and technically viable, in accordance with the standards specified in the OM;

(d) in compliance with the standards set forth in the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF); and

(e) satisfy any other requirements specified in the OM.

6. For each approved Subproject under Component 3, the Recipient, through the relevant Implementing Institutions at provincial and district levels, shall conclude a Subproject Agreement with the corresponding Project Beneficiary, whereby the Recipient shall agree to provide to the Project Beneficiary, a Subproject Grant from the proceeds of the Credit, on terms and conditions satisfactory to the Association, including the eligibility terms and conditions set forth in Paragraph 5 of this Schedule, and the following additional terms and conditions:

(a) require the relevant Implementing Institutions at provincial and district levels to ensure the execution of each Subproject by the related Project Beneficiary, with due diligence and efficiency and in accordance with sound technical, financial, managerial, social and environmental standards and practices; and to maintain adequate records;
require that the goods, works and services to be financed from the proceeds of the relevant Subproject Grant shall be procured in accordance with the provisions of this Agreement and used exclusively in carrying out the Subproject concerned;

(c) maintain the right to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites and plants included in each Subproject, the operations thereof and any relevant records and documents;

(d) obtain from the Project Beneficiary and the relevant Implementing Unit(s), all such information as the Association shall reasonably request relating to the implementation of a Subproject, including the performance of the Project Beneficiary and/or relevant Implementing Unit(s) in executing the Subproject; and

(e) suspend or terminate the right of the Project Beneficiary and/or the relevant Implementing Unit(s) to the use of the proceeds of the Credit under the Project upon failure by such Project Beneficiary and/or relevant Implementing Unit(s) to perform its obligations under the Subproject Agreement.

7. The Recipient shall furnish to the Association for its approval, as soon as available, but in any case not later than July 31 of each year, the annual work plan and budget for each subsequent Recipient’s fiscal year following 2007 of such scope and in such detail as the Association shall have reasonably requested.

8. The Recipient shall:

(a) ensure that the Project is implemented in accordance with the provisions of the ESMF and RPF, including associated training, technical assistance and annual reviews; and

(b) ensure the recruitment of two agricultural extension officers per administrative post, in: (i) the First Phase Project Districts, by January 31, 2007; and (ii) the Second Phase Project Districts, by January 31, 2008.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.
(b) The performance indicators referred to above in sub-paragraph (a) are reflected in Schedule 4 to this Agreement.

2. For purposes of Section 4.08 (c) of the General Conditions, the final report on the execution of the Project and related sustainability plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.


1. The Recipient shall maintain or cause to be maintained a Financial Management System (FMS) in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, not later than forty-five days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General.

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of
particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding. Domestic preference for locally manufactured goods shall be applied without limitation to the nationality of the goods’ manufacturer.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) National Competitive Bidding. Foreign bidders shall not be excluded from participating in NCB.</td>
</tr>
<tr>
<td>b) Shopping.</td>
</tr>
<tr>
<td>c) Community Participation procedures described in the Project Operations Manual.</td>
</tr>
</tbody>
</table>

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>b) Least Cost Selection.</td>
</tr>
<tr>
<td>c) Single-source selection.</td>
</tr>
<tr>
<td>d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.</td>
</tr>
</tbody>
</table>
D. **Review by the Bank of Procurement Decisions**

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:
   (a) each contract for goods or works estimated to cost the equivalent of $150,000 or more; and (b) each contract for consultants’ services provided by a firm, and each contract for individual consultants, estimated to cost the equivalent of $100,000, or more and $50,000 or more, respectively. All other contracts shall be subject to Post Review by the Association.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General.**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions and of this Section and such additional instructions as the Association shall specify by notice to the Recipient, to:
   (a) repay the Project Preparation Advance in accordance with Section 2.07 of the General Conditions; (b) finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services and training for Component 1 except for Component 1 (d).</td>
<td>5,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works, goods, consultants’ services and operating costs for Component 2, except for Component 2 (d).</td>
<td>2,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) for Component 3: a) Subproject Grants for</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
First Phase District and Provinces:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Subproject Grants for Second Phase Districts and Provinces; and</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td>c) Consultants’ services except for Component 3 (c).</td>
<td>700,000</td>
<td></td>
</tr>
<tr>
<td>(4) Goods, consultant services including audits, training and operating costs for Component 4, except for Component 4 (e), (f) and (g).</td>
<td>1,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Refund of Project Preparation Advance</td>
<td>500,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT** 14,000,000

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**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of paragraph 1 above: no withdrawals shall be made

   (a) from the Credit for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 700,000 equivalent may be made for payments made prior to this date but on or after January 1, 2006, for Eligible Expenditures; and

   (b) with respect to Categories 3 (a) and (b) of the Table under paragraph A.2, respectively, (i) until the Recipient shall have ensured that the following staff have been recruited and are in place: (A) one accountant and one procurement officer per Province; (B) one accountant and one procurement officer per District; and (C) one Regional Procurement Specialist; and (ii) to any Project Beneficiary until the related Project Beneficiary shall have concluded a Subproject Agreement referred to in paragraph 6 of Section I of this Schedule.

2. The Closing Date is March 31, 2013.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing November 15, 2016 to and including May 15, 2026</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 15, 2026 to and including May 15, 2046</td>
<td>2%</td>
</tr>
</tbody>
</table>

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
### SCHEDULE 4

Performance Indicators

<table>
<thead>
<tr>
<th><strong>Intermediate Outcome Indicators</strong></th>
<th>MidTerm</th>
<th>Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CBOs engaging in Project supported organizational development activities;</td>
<td>380</td>
<td>660</td>
</tr>
<tr>
<td>Cumulative number of Project Beneficiaries smallholder farmers’ groups active in at least one Subproject supported by the CAEIF;</td>
<td>300</td>
<td>600</td>
</tr>
<tr>
<td>- Number of members of savings and loans (SLGs) groups</td>
<td>2,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

- 30% average increase in agricultural income of participating Project Beneficiaries smallholder farmer households (compared with non-participating households (HHs))

MidTerm: 15%  
Project Completion: 30%
APPENDIX

Section I. Definitions

a) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement;

b) “CAEIF” means Community Agricultural and Environmental Investment Fund;

c) "Consultant Guidelines" means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004;

d) “CBO” means community based organizations, including production, marketing and savings and loan groups;

e) “DF” means District Facilitator, referred to in paragraph 1 b), Section I of Schedule 2 of this Agreement;

f) “District” means the administrative unit of the Recipient’s Provinces (as hereinafter defined) participating in the implementation of the Project, or any successor administrative unit, satisfactory to the Association for the purposes of the execution of the Project;

g) “DCCs” means the District Consultative Councils created under Recipient’s Law 8/2003 and Decree 15/2000 and Decree 11/2005;

h) “DNPDR” means National Directorate for the Promotion of Rural Development;

i) “DTT” means District Technical Team, referred to in paragraph 1 b), Section I of Schedule 2 of this Agreement;

j) “ESMF” means Environmental and Social Management Framework, referred to in paragraphs 5 d) and 8 a) of Section I of Schedule 2 of this Agreement, dated ;

k) “First Phase Project Districts and Provinces” means the districts and provinces where Project implementation shall start i.e. the districts of Mutarara (Tete Province) and Morrumbala (Zambezia Province);

l) “Field Management Advisor” means the field management technical assistant referred to in Section 4.01 c) of this Agreement;

m) “FMS” means financial management system referred to in Section 4.01(b);
n) “GEF Grant Agreement” means the grant agreement for the Project between the Recipient and the International Bank for Reconstruction and Development, as such grant agreement may be amended from time to time. “GEF Grant Agreement” includes all appendices, schedules and agreements supplemental to the GEF Grant Agreement;

o) “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005;

p) “Implementing Institutions” means the institutions responsible for project implementation at district, provincial and national levels, referred to in Section I of Schedule 2 of this Agreement;

q) “Inter-Ministerial Steering Committee” means the committee, composed by technical representatives from the relevant Ministries involved in the implementation of the Project, referred to in paragraph 1 a), Section I of Schedule 2 of this Agreement;

r) “OM” means Project Operations Manual, the manual to be used for Project implementation referred to in Section 4.01 a) and related paragraphs of Schedule 2 of this Agreement;

s) “Operating Costs” means incremental expenses, which would not be incurred absent the Project incurred by the Recipient on account of the Project implementation, including maintenance of information system, office supplies, insurance for, and maintenance and operation of vehicles, travel and salaries of support staff, and travel of civil servants involved in Project supported activities, excluding salaries of civil servants.

t) “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004;

u) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 21, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs;

v) “Project Area” means the selected districts within the Recipient’s Zambezi Valley Region, as may be amended by agreement between the Recipient and the Association;

w) “Project Beneficiary” means smallholder farmers (individuals and groups) and other agriculture and food supply chain participants (including input supply
providers, agro-processors, traders, agri-businesses), and District Administrations, operating in the Project Area;

x) “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 27, 2005 and on behalf of the Recipient on October 28, 2005;

y) “Province” means an administrative unit division of the Recipient created under the Recipient’s Constitution of December 2004, participating in the implementation of the Project, and “Provinces” means, collectively, all or more than one Province, as appropriate;

z) “Provincial Steering Committee” means the committee with the mandate of guiding the strategic direction and coordination of the Project at provincial level, referred to in paragraph 1 a), Section I of Schedule 2 of this Agreement;

aa) “Regional Procurement Specialist” means the supervisory procurement technical assistant for the Project, referred to in paragraph D 1 b) (i) (C) of Section 1 of Schedule 2 of this Agreement;

bb) “RPF” means Resettlement Policy Framework, referred to in paragraphs 5 d) and 8 a) of Section I of Schedule 2 of this Agreement, dated _April 7, 2006;

cc) “Second Phase Project Districts and Provinces” means the districts of Mopeia in Zambezia Province, Maringue and Chamba in Sofala Province, as may be amended by agreement between the Recipient and the Association;

dd) “Senior Financial Management Specialist” means the senior financial technical assistant referred to in Section 4.01 c) of this Agreement; and

ee) “Senior Procurement Specialist” means the senior procurement technical assistant referred to in Section 4.01 c) of this Agreement;

ff) “SLG” means Savings and Loans Group and “SLGs” means, collectively, all such groups referred to in Schedule 1 to this Agreement;

gg) “Subproject” means an investment and/or related technical assistance financed through Subproject Grants (as defined here below) under Component 3 of the Project, and which satisfies the criteria, terms and conditions set forth in the Project Operations Manual, and “Subprojects” means, collectively, all such subprojects;

hh) “Subproject Agreement” means the agreement to be entered into further to Section I 6 of Schedule 2 to this Agreement;
ii) “Subproject Grant” means the grant provided under the Component 3 of the Project for financing Subprojects and “Subproject Grants” means, collectively, all such grants; and

jj) “Zambezi Valley Region” means the following Recipient’s Districts: (a) all districts of Tete Province; (b) in Zambezia Province, the districts of Morrumbala, Mopeia, Chinde, Milange, Mocuba, Maganja da Costa, Nicoadala, Inhassunge and Quelimane; (c) in Sofala Province, the districts of Gorongosa, Maringue, Chemba, Caia, Marrromeu, Cheringoma and Muanza; and (d) in Manica Province, the districts of Barue, Guro, Tambara and Macossa.

 kk)