BỘ NGOẠI GIAO	**CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM** **Độc lập - Tự do - Hạnh phúc**
Số: 21/2011/TB-LPQT	*Hà Nội, ngày 05 tháng 4 năm 2011*

THÔNG BÁO
Về việc điều ước quốc tế có hiệu lực

Thực hiện quy định tại khoản 3 Điều 47 của Luật Ký kết, gia nhập và thực hiện điều ước quốc tế năm 2005, Bộ Ngoại giao trân trọng thông báo:

Hiệp định tài trợ cho Dự án "Hỗ trợ Nông nghiệp, Nông dân và Nông thôn tại các tỉnh Gia Lai, Ninh Thuận và Tuyên Quang" giữa Chính phủ nước Cộng hòa xã hội chủ nghĩa Việt Nam và Quỹ Phát triển Nông nghiệp quốc tế, ký tại Rô-ma ngày 25 tháng 02 năm 2011, có hiệu lực từ ngày 25 tháng 02 năm 2011.

Bộ Ngoại giao trân trọng gửi Bản sao lục Hiệp định tài trợ theo quy định tại Điều 68 của Luật nêu trên./.

TL. BỘ TRƯỞNG
KT. VỤ TRƯỞNG
VỤ LUẬT PHÁP VÀ ĐIỀU ƯỚC QUỐC TẾ
PHÓ VỤ TRƯỞNG

Lê Thị Tuyết Mai

LOAN NO. L-I-826-VN
GRANT NO. G-I-C-826-VN

FINANCING AGREEMENT

Agriculture, Farmers and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces
(TNSP)

between the

SOCIALIST REPUBLIC OF VIET NAM

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in Rome, Italy

on 25 February 2011

FINANCING AGREEMENT

Loan Number: L-I-826-VN

Grant Number: G-I-C-826-VN

Project Title: Agriculture, Farmers and Rural Areas Support Project in the Gia Lai, Ninh Thuan and Tuyen Quang Provinces (TNSP) (the "Project")

The Socialist Republic of Viet Nam (the "Borrower/Recipient")

and

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

(each a "Party" and collectively, the "Parties")

hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is SDR 31 500 000, allocated as follows: Gia Lai SDR 7 250 000, Ninh Thuan SDR 8 380 000, and Tuyen Quang SDR 15 870 000.

2. The amount of the Grant is SDR 200 000, allocated to the Ministry of Agriculture and Rural Development (MARD).

3. The Loan is granted on highly concessional terms, as defined in the General Conditions.

4. The Loan Service Payment Currency shall be the US Dollar (USD).

5. The applicable Fiscal Year begins 1 January and ends 31 December.

6. Payments of principal and service charge shall be payable on each 15 June and 15 December.

7. The Borrower/Recipient shall open four Designated Accounts in USD, one for each province and one for the grant, in a bank acceptable to IFAD in order to receive advance Loan and Grant. Additionally, each province shall open a Project Account at the provincial treasury, to be maintained in local currency.

8. The Borrower/Recipient shall ensure that the Lead Project Agencies shall, on behalf of their respective provinces, provide counterpart financing for the Project in the total amount of USD 10 860 000 (of which USD 2 270 000 shall be allocated to payment of duties and taxes).

Section C

1. The Lead Project Agencies shall be the Gia Lai Provincial People's Committee (PPC), the Ninh Thuan PPC, and the Tuyen Quang PPC for the Loan component of the Financing, and MARD for the Grant component of the Financing.

2. The following are designated as Project Parties:

(a) the Departments of Planning and Investment (DPI) of Gia Lai province, Ninh Thuan province, and Tuyen Quang province, or any successor(s) thereto;

(b) the Departments of Agriculture and Rural Development (DARD) of Gia Lai province, Ninh Thuan province, Tuyen Quang province or any successor(s) thereto;

(c) the District People's Committees (DPC) in the Project Area, or any successor(s) thereto; and

(d) the Commune People's Committees (CPC) in the Project Area, or any successor(s) thereto.

3. The Project Completion Date shall be the fifth anniversary of the date of entry into force of this Agreement.

Section D

The Financing shall be administered and the Project supervised by IFAD.

Section E

1. The following are designated as general conditions precedent to withdrawal, in addition to those contained in Section 4.02 (b) of the General Conditions:

(a) The Designated and Project accounts shall have been opened.

(b) No withdrawal from the Loan Accounts shall be made until the three Project Implementation Manuals (PIMs) referred to in paragraph 12.1, Section II of Schedule 1 hereto shall have been submitted to and approved by the Fund and the respective PPCs.

(c) No withdrawal from the Grant Account shall be made until the Project Director for the Grant component of the Financing is appointed.

2. The following are designated as specific conditions precedent to withdrawal that are in addition to those contained in Section 4.02 (b) of the General Conditions:

(a) No withdrawal shall be made from the Loan Accounts in respect of expenditures under Category IV (Community Development Fund) until a Community Development manual shall have been submitted to and approved by the Fund and the respective PPCs.

(b) No withdrawal shall be made from the Loan Accounts in respect of expenditures under Category V (Pro-Poor Agribusiness Promotion Fund) until a Pro-Poor Agribusiness Promotion Fund manual shall have been submitted to and approved by the Fund and the respective PPCs for use in all the Project provinces.

(c) No withdrawal shall be made from the Loan Accounts in respect of expenditures under Category VI (Financial Services) until two manuals for the Women Economic Development Fund, one for Ninh Thuan province and one for Gia Lai province, shall have been submitted to and approved by the Fund and the respective PPCs.

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

For the Fund:

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

For the Borrower/Recipient:

Minister for Finance of the Socialist Republic of Viet Nam
Ministry of Finance
28, Tran Hung Dao Street
Hoan Kiem District, Hanoi
Socialist Republic of Viet Nam

This Agreement, dated 25 February 2011, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

For the Fund
Kanayo F. Nwanze
President

For the Borrower/Recipient
His Excellency
Dang Khanh Thoai
Ambassador
Permanent Representative of the Socialist Republic of Viet Nam to IFAD

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population*. The Project shall target poor households and ethnic minority households (including both the poor and the near-poor) in 16 selected Project districts of the provinces of Gia Lai, Ninh Thuan, and Tuyen Quang ("Project Area").

2. *Goal*. The Project shall assist in implementing the Borrower/Recipient's recently adopted policy on Agriculture, Farmers, and Rural Areas (Resolution 24/2008/NQ/CP dated 28 October 2008). The goal of the Project is to improve the quality of life for rural people, with a particular focus on those living in the most disadvantaged areas (as described in the policy on Agriculture, Farmers, and Rural Areas).

3. *Objectives*. The objective of the Project is to increase the participation in economic activities of ethnic minority and rural poor households living in poor communes in the Project Area.

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

4.1 Component 1: Institutional Strengthening for Implementation of Pro-Poor Initiatives under the policy on Agriculture, Farmers, and Rural Areas. This Component focuses on strengthening the policy and institutional environment for carrying out effective and sustainable pro-poor market-oriented innovations with a focus on ethnic minorities, and for engaging the private sector in the implementation of the policy on Agriculture, Farmers, and Rural Areas.

4.1.1. *Market-oriented economic management capacity building* (Sub-component 1.1). This Sub-component shall develop and use training programs build capacities for market-oriented economic management for senior staff members of government agencies involved in the implementation of the policy on Agriculture, Farmers, and Rural Areas.

4.1.2. *Institutionalization of market-oriented, results-based, participatory socio-economic development planning and implementation process* (Sub-component 1.2). This Sub-component aims to institutionalize market-oriented, results-based, participatory socio-economic development planning and implementation processes at the village, commune, and province levels. This institutionalization effort shall incorporate gender and climate change issues. A Market-Oriented Participatory Socio-Economic Development Plan Thematic Working Group (MOP-SEDP TWG) shall be established to develop and validate MOP-SEDP methodologies for application at the village and commune levels throughout the Project Area.

4.1.3. *Private sector development and partnership in agriculture and rural development* (Sub-component 1.3). This Sub-component aims to strengthen the business-enabling environment and facilitate private sector development as well as public-private partnership building in agriculture and rural development. This Sub-component shall establish a Business Environment Reform Thematic Working Group (BER-TWG) to conduct research on current policy and regulatory frameworks and provide advice to reform such frameworks in order to facilitate partnerships with private sector actors.

4.1.4. *Project coordination and knowledge sharing* (Sub-component 1.4). This Sub-component aims to assist the Project Area provinces in the implementation of a key element of the policy on Agriculture, Farmers, and Rural Areas, namely, strengthening effective cooperation among four groups of stakeholders: government agencies, scientists and researchers, private businessmen, and farmers.

4.1.5. *Knowledge Collaboration with MARD* (Sub-component 1.5). Grant activities shall include (1) collecting the experiences gathered through the M&E process, Project progress reports, systematic consultation, and feedback from all IFAD supported projects in Viet Nam; (2) distribution of policy-related documentation to the central Government's policy makers, particularly related to the National targeted Programme for New Rural Development (NTP-NRD); and (3) providing relevant training for provincial and district staff.

4.2 Component 2: Promotion of Pro-Poor Value Chains. This Component focuses on making demand-driven and value chain-focused services (public and private) available in order to better connect poor ethnic minority households with market opportunities.

4.2.1. *Identification and prioritization of pro-poor value chains* (Sub-component 2.1). This Sub-component aims to identify, prioritize, and develop major pro-poor value chains in the Project Area. A value chain action plan shall be developed for each value chain, and interventions shall be concentrated at the district level. An Agri-Business Promotion Working Group (APWG) shall be established to participate in the value chain analysis prioritization and in the development of the value chain action plans.

4.2.2. *Value chain technical research and extension services* (Sub-component 2.2). This Sub-component is intended to ensure the production of value chain research and extension services (public and private sector providers) in order to improve the livelihoods of the rural poor.

4.2.3. *Promotion of pro-poor agribusiness initiatives* (Sub-component 2.3). This Sub-component is intended to increase private sector participation in the Project Area through the establishment of a district level Pro-Poor Agribusiness Promotion Fund. A manual shall be prepared for review and approval by the Fund to support this establishment.

4.2.4. *Improving access to financial services* (Sub-component 2.4). This Sub-component aims to increase the volume of lending and availability of credit to the Project's Target Population through the adoption of strategies for enhancing credit access and encouraging local savings, as well as through the provision of technical assistance. The Project shall support the Women Development Support Fund (WDSF) in Ninh Thuan in order to extend their operations throughout the Project Area. A Women Economic Development Fund (WEDF) for lending to women's savings and credit groups shall be set up in Gia Lai with the ultimate goal of setting up a microfinance institution to lend to women's groups. Separate manuals shall be prepared for each of these two fund initiatives, and submitted to the Fund for approval.

4.3 Component 3: Commune Market-Oriented Socio-Economic Development Planning and Implementation. This Component supports market-oriented planning and implementation by communes and villages. The objective is to enable targeted communes to effectively implement annual market-oriented plans for demand-driven, pro-poor rural development public investment that are integrated into the master government planning process.

4.3.1. *Planning Capacities for MOP SEDP* (Sub-component 3.1). This Sub-component aims to build local capacity at the commune and village levels to use MOP-SEDP approaches for identifying priority investments for socio-economic development with a focus on poor and ethnic communities.

4.3.2. *Engaging the poor in value chains* (Sub-component 3.2). This Sub-component is intended to ensure that the Project's Target Population is engaged in value chains and benefiting from profitable market opportunities through the provision of assistance and support to various kinds of farmers' groups.

4.3.3. *Community Development Fund* (Sub-component 3.3). To complement Sub-components 3.1 and 3.2, this Sub-component shall provide the resources for putting the training received into action through the establishment of a Community Development Fund that shall make resources available for public infrastructure, human capacity building, and productive infrastructure, equipment and input investments to be managed by farmers' groups. A manual shall be prepared for review and approval by the Fund to support this establishment. For those villages applying for public infrastructure funding, it must be demonstrated that the economic benefits from such funding are reaching at least 50% of the households in the village. Evidence of such distribution shall be made available through annual reports.

II. Implementation Arrangements

5. Project Steering Committees (PSC) – Provincial Level

5.1. *Establishment and Composition.* At the provincial level, the Provincial People's Committees (PPCs) shall provide policy guidance to the Project. The PPCs shall also approve the appointments of key staff in the Project Coordination Unit (PCU). In each Project province the PPCs shall issue a decision to establish Project Steering Committees (PSCs).

5.2. The PSCs shall be chaired by the chairperson or vice-chairperson of the respective PPC and shall meet on a quarterly basis. Members shall include those of the PSC for National Targeted Programme for New Rural Development (NTP-NRD), as well as the Chairman of the Enterprises Association, the Director of an agriculture research institute, chairpersons of the Project District People's Committees (DPCs), which are responsible for Project coordination activities at the district level or such other membership as may be agreed from time to time with the Fund. Two or more directors of private companies working with farmers in the Project Area shall be invited to attend the meetings of the PSCs to express their views as observers.

5.3. *Responsibilities.* The PSCs in each province shall be responsible for reviewing and approving their province's Annual Work Plans and Budget (AWBPs) and Annual Project Financial Statements, and for submitting these items to their respective PPC for approval. The PSCs shall also be responsible for ensuring compliance of Project activities with the terms and conditions of this Agreement.

6. Project Coordination Unit (PCU) – Provincial Level

6.1. *Establishment and Composition*. In each province, the respective PPCs shall issue a decision to establish a PCU. Each PCU shall be headed by a full-time Project Director and include the following full time staff: PCU Deputy-Director, Commune SEDP Officer, Senior M&E Officer, M&E Officer cum Knowledge Management Officer, Institution and Capacity Building Officer, Value Chains Development Officer, Market-oriented Economy Advisor, Chief Financial Officer/Chief Accountant, Accountant, Procurement and Civil Work Specialist, support staff, as needed, and such other staffers as may be agreed from time to time with the Fund.

6.2. *Responsibilities*. The PCUs shall assist the PSC in coordinating the provincial agencies and the PPC in managing governmental and IFAD resources. The PCUs shall report directly to the PSC and act as an advisory body for the PPC. The mandate of the PCU shall be to ensure: (i) the implementation of the Project; (ii) coherence of the project approaches and strategies, and integration among project activities; (iii) coordination and synergy of the Component Lead Agencies (CLAs), other co-implementing agencies (CIAs), and technical service providers, and the district and commune level agencies, and grassroots communities; (iv) mobilization of resources from the private sector, mass organizations, professional associations, research institutes, technical centres, and non-government organizations; (v) accountable management of IFAD and governmental resources through the preparation of a Project Implementation Manual, an AWPB, and a procurement plan, and through the selection of technical assistance and audit service providers, as well as through the establishment and operation of the M&E system; and (vi) knowledge sharing and policy development interventions.

6.3. **Component Lead Agencies (CLA).** For each Component, the PPC shall issue a decision designating a CLA. Whilst the CLAs will not establish separate implementation offices for the Project within their departments, they will appoint a director or deputy director and an accountant to work with the Project. In addition, there shall be one focal point per province. The functions of the CLAs include: (i) preparation of a Component AWPB in cooperation with the PCU for approval by the PSC; (ii) coordination of the implementation of the Component; and (iii) preparation of quarterly progress reports on component implementation for submission to PCU.

7. Project Coordination – District Level

7.1. District People's Committees (DPCs) shall be responsible for coordination of the project activities and for the integration of those activities into the organizational structures and mandates of the district-level line agencies and mass organizations. The DPC Chairman (or Vice-Chairman) shall be responsible for coordination of project activities. To assist the DPC in coordinating project activities, a District Agribusiness Support Unit (DASU) shall be established, pursuant to a issued decision by the PPC, directly under each DPC. The DASUs shall be directed by the respective DPC Chairmans and made up of a District Project Coordination Assistant to the DPC, an M&E Officer, a Commune SEDP/Community Development Fund (CDF) Planning Officer, a "Markets and Value Chain Development officer", an administrative assistant, and such other staffers as shall be decided from time to time with the Fund.

8. Project Coordination – Commune Level

8.1. The DPCs shall issue decisions establishing Commune Development Boards (CDBs) in each commune. The CDB shall be chaired by the Chairman of the CPC and composed of the Head of the Farmers' Union, the Head of the Women's Union, the Head of the Youth Union, the Commune Agricultural Officer, the Commune Extension Worker, Commune Animal Health Worker, the Infrastructure Officer, the Village Head for each of the participating villages, Commune Accountant, and such other members as shall be decided from time to time with the Fund. The role of the CDB will be to coordinate all of the Project activities at the commune and village levels.

8.2. In all of the villages in the Project Area, Village Development Boards (VDB) will be established by the CPCs. The VDBs shall be made up of the Village Head, the Head of the Women's Union, the Head of the Farmers' Union, the Head of the Youth Union, and two representatives from better-off and poor households respectively.

9. Key Project Staff

9.1. *Recruitment of Key PCU Staff.* The full-time Project Directors, Deputy Project Directors, and Chief Financial Officers/Chief Accountants in each province shall be appointed by the PPC. The Grant activities will require the appointment of a Project Director and a Project Coordinator within the relevant departments, as decided by MARD.

10. Implementation Arrangements under Project Components

10.1. *Market-Oriented Economic Management Capacity Building (Sub-component 1.1):* The DPIs shall be directly responsible for coordinating the activities under this Sub-component.

10.2. *Institutionalization of market-oriented, results-based, participatory socio-economic development planning and implementation process (Sub-component 1.2):* The PPCs shall be ultimately responsible for issuing the guidance for the implementation of the MOP-SEDP. The DPIs shall work with the DPCs and CPCs of IFAD-supported communes to pilot, implement, and manage consolidation of the MOP-SEDP guidelines.

10.3. *Private sector development and partnership in agriculture and rural development (Sub-component 1.3):* The BER-TWG shall lead the activities of this Sub-component and advise the respective PPC concerning the approval or revision of new policies and guidelines for enabling private sector development.

10.4. *Project Coordination and Knowledge Sharing (Sub-component 1.4):* The PPCs and PCUs are responsible for implementing this Sub-component.

10.5. *Knowledge Collaboration with MARD (Sub-component 1.5):* The Grant activities relating to knowledge sharing will be implemented by MARD through the relevant departments, as decided by MARD.

10.6. *Identification and Prioritization of Pro-Poor Value Chains (Sub-component 2.1):* The DARDs shall be responsible for coordinating the activities under this Sub-component, with technical assistance from the Department of Trade and Industry (DOTI).

10.7. *Value Chain Technical Research and Extension Services (Sub-component 2.2):* The DARDs and their related agencies, i.e. Provincial Extension Center, Plant Protection Sub-Bureau and Veterinary Sub-Bureau shall be responsible for implementing this Sub-component.

10.8. *Promotion of Pro-Poor Agribusiness Initiatives (Sub-component 2.3):* District Agribusiness Support Units (DASUs) shall be responsible for the implementation of this Sub-component.

10.9. *Improving Access to Rural Financial Services (Sub-component 2.4):* The Viet Nam Bank for Social Policy (VBSP), AgriBank, and the Women's Union in Gia Lai and WSDF in Ninh Thuan shall be responsible for activities under this Sub-component.

10.10. *Planning Capacities for MOP-SEDP (Sub-component 3.1):* The DPCs/DASUs shall have primary responsibility for organizing and implementing the orientation and training activities planned under this Sub-component.

10.11. *Engaging the Poor in Value Chains (Sub-component 3.2):* Mass organizations shall have the primary responsibility for identifying Common Interest Groups (CIGs) and Collaborative Groups (CGs) and shall provide assistance in conducting basic organizational assessments. The CPC/CDBs shall be responsible for assembling and managing the data base of existing CIGs/CGs. The DPCs/DASUs, as well as the mass organisations, shall provide assistance in identifying trainers to be contracted to address CIG/CG training needs as requested by the commune.

10.12. *Community Development Fund (CDF) (Sub-component 3.3):* The CPCs shall be responsible for ensuring efficient and effective use of CDF resources, including management and oversight of commune level investments.

11. Project Reviews

11.1. *Mid-Term Review*. The Borrower/Recipient, the PPC in each province and the Fund shall conduct a comprehensive mid-term review to assess implementation progress, to assess the extent to which the business environment is constraining the operation of value chains, and to determine appropriate revisions to the Project implementation arrangements and resource allocations to be complied with by the relevant Project Parties in order to ensure successful Project completion.

12. Project Implementation Manual (PIM)

12.1. *Preparation and Approval*. The Borrower/Recipient shall cause the PPC in each province to prepare and approve a Project Implementation Manual (PIM) as soon as practicable, but in no event later than 90 days after the entry into force of this Agreement. The PIM shall detail, among other things, the Project implementation responsibilities for planning, budgeting, financing, Loan and Grant disbursement, reporting, procurement, preparation of accounts and auditing, and the implementation of the Financial Services Sub-component micro-grants. In addition, the PIM shall incorporate a strong governance framework to empower the Target Population to play a bigger role in Project implementation. The PPC in each province shall approve the PIM only with prior agreement of the Fund, and provide a copy thereof to the Fund.

Schedule 2

Allocation Table

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

Category	Loan Amount Allocated (SDR)	Grant Amount Allocated (SDR)	Percentage of Eligible Expenditures
I. Vehicles, Equipment, and Material			100% net of taxes or 90% of total expenditures
a. TQ	1 230 000		
b. NT	625 000		
c. GL	675 000		
d. MARD		20 000	
II. Civil Works			100% net of taxes or 90% of total expenditures
a. TQ	80 000		
b. GL	35 000		
III. Training, Courses, Workshops, Technical assistance and Studies			100% of total expenditures
a. TQ	2 270 000		
b. NT	1 480 000		
c. GL	1 530 000		
d. MARD		180 000	
IV. Community Development Fund			100% net of taxes and beneficiaries' contribution
a. TQ	9 390 000		
b. NT	4 530 000		
c. GL	3 400 000		
V. Pro-Poor Agribusiness Promotion Fund			100% net of beneficiaries' contribution
a. TQ	985 000		
b. NT	440 000		
c. GL	440 000		
VI. Financial Services			100% of total expenditures
a. NT	200 000		
b. GL	200 000		
VII. Operations and Maintenance			60% of total expenditures
a. TQ	335 000		
b. NT	265 000		
c. GL	245 000		
Unallocated – TQ	1 580 000		
Unallocated – NT	840 000		
Unallocated – GL	725 000		
TOTAL	**31 500 000**	**200 000**	

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

I. Vehicles, Equipment, and Material related to sub-category I(d) means office equipment and publications.

II. Civil Works relates to the construction and rehabilitation of the PCU buildings.

III. Technical Assistance includes consultancy services for the Project.

IV. The Community Development Fund (CDF) makes resources available for: (i) public infrastructure, (ii) human capacity development, and (iii) productive infrastructure, equipment and input investments managed by Common Interest Groups (CIGs) and Collaborative Groups (CGs).

V. The Pro-Poor Agribusiness Promotion Fund (PAPF) makes resources available for proposals received jointly from businesses and CIGs from Project Area communes. To be considered, all proposals must contemplate matching PAPF contributions with an investment by the business submitting the application that is equivalent to at least 50% of the PAPF.

VI. Financial Services makes resources available for the Women Development Support Fund (WDSF) in Ninh Thuan province and for setting up a Women Economic Development Fund (WEDF) in Gia Lai province.

2. *Start-up Costs*. Withdrawals in respect of expenditures for start-up costs for Category III incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of SDR 120 000.

Schedule 3

Special Covenants

In accordance with Section 12.01 (a) (xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan Account if the Borrower/Recipient 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:

i) The PPCs in each province shall issue Guidelines on the preparation and implementation of commune market-oriented participatory socio-economic development planning and implementation in the Project Area before the end of the 1ST year of the Project. The PPCs shall issue similar Guidelines for their entire province by the end of the 3rd year of the Project.

ii) The PCUs in each province shall ensure that gender is mainstreamed in all Project activities by using a guidance manual to be developed by the Project before the end of the first year of the Project.

iii) The PPCs in each province shall issue a Decision concerning the establishment of the following thematic working groups: Market-Oriented Participatory Socio-Economic Development Plan Thematic Working Group (MOP-SEDP TWG), Business Environment Reform Thematic Working Group (BER-TWG), and Agribusiness Promotion Working Group (APWG) before the end of the first year of the Project.

iv) The PCUs in each province shall develop appropriate Terms of References for each staff position to be funded by the Project. The PCU shall organise a fair and transparent process for identifying and selecting candidates who are skilled and capable of meeting all of the requirements contained in the terms of reference. It shall further obtain IFAD's prior agreement for key staff positions, such as Project Director, Deputy Project Director, and Chief Financial Officer/Chief Accountant. Key staff members shall serve throughout the entire Project Implementation Period and may only be removed by the PPC in each province after prior consultation with the Fund.

v) The PPCs in each province shall ensure that Project activities comply with the Law on Environmental Protection, and the Circular on guideline for the strategic environmental assessment, environmental impact assessment, and environmental protection commitments in accordance with Decision No. 05/2008/TT-BTNMT, 8 December 2008.

vi) Should there be any negative impact on the lives of the Project beneficiaries as a result of the siting of power plants in Ninh Thuan province, the PCU shall inform the PSC and PPC in the province and informed consent shall be sought to ensure that the needs of affected communities are identified and that such communities are fairly compensated (financial and non-financial), should the need arise. A failure to adequately protect the interests of Project beneficiaries could lead to partial loan cancellation of affected activities.

GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

(as amended September 2010[1])

ARTICLE I - APPLICATION

SECTION 1.01. Application of General Conditions.

(a) These General Conditions apply to all Financing Agreements (as such term is defined in Section 2.01). They apply to other agreements only if an agreement expressly so provides.

(b) If a particular provision of these General Conditions does not apply to an Agreement, the Agreement must provide explicitly that it does not apply.

ARTICLE II - DEFINITIONS

SECTION 2.01. General Definitions.

The following terms have the following meanings wherever used in these General Conditions:

"Agreement" means a Financing Agreement or other agreement subject to these General Conditions.

"Annual Workplan and Budget" or "AWPB" means the annual workplan and budget for carrying out a Project during a particular Project Year, which includes the Procurement Plan.

"Borrower" means the party designated as such in an Agreement.

"Coercive practice" means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

"Collusive practice" means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

"Cooperating Institution" means an institution designated as such in a Financing Agreement as responsible for the administration of the Financing and/or the supervision of the implementation of the Project.

"Cooperation Agreement" means an agreement or agreements between the Fund and a Cooperating Institution by which a Cooperating Institution agrees to act as such.

"Corrupt practice" means offering, giving, receiving or soliciting, directly or indirectly, anything of value to improperly influence the actions of another party.

"Currency" of a State or a territory means the currency that is legal tender for the payment of public and private debts in such State or territory.

"Eligible Expenditure" means an expenditure that complies with Section 4.08.

"Euro" or "EUR" mean the currency of the European Monetary Union.

"Financing" means a Loan, a Grant, or a combination thereof.

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[1] These General Conditions for Agricultural Development Financing were adopted by IFAD's Executive Board on 29 April 2009. Sections 2.01, 4.08(a) and 5.01 were amended by decision of the Executive Board on 17 September 2010. These General Conditions, as amended, apply to all Financing Agreements for projects and programmes approved by the Executive Board during and subsequent to its ninety-seventh session in September 2009.

"Financing Agreement" means a Project Financing Agreement or Programme Financing Agreement, pursuant to which the Fund agrees to extend Financing to the Borrower/Recipient.

"Financing Closing Date" means the date on which the right of the Borrower/Recipient to request withdrawals from the Loan Account and/or Grant Account ends, which is six (6) months after the Project Completion Date or such later date as the Fund may designate by notice to the Borrower/Recipient.

"Fiscal Year" means the twelve-month period designated as such in an Agreement.

"Fraudulent practice" means any action or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

"Freely convertible currency" means any currency so designated by the Fund at any time.

"Fund" means the International Fund for Agricultural Development.

"Grant" means a grant extended to a Recipient pursuant to a Financing Agreement or other Agreement.

"Grant Account" means the account in the books of the Fund opened in the name of the Recipient to which the amount of the Grant is credited.

"Guarantee Agreement" means an agreement between a Member State and the Fund by which such Member State guarantees the performance of another Agreement.

"Guarantor" means any Member State designated as such in a Guarantee Agreement.

"IFAD Procurement Guidelines" means the Procurement Guidelines approved by the Fund's Executive Board in December 2004 (for Financing approved by the Fund's Executive Board prior to September 2010) or the Project Procurement Guidelines approved by the Fund's Executive Board in September 2010 (for Financing approved by the Fund's Executive Board after September 2010) as such guidelines may be amended by the Fund.[2]

"IFAD Reference Interest Rate" means the rate determined periodically by the Fund as its reference rate for the computation of interest on its Loans.

"Lead Project Agency" means the entity designated as such in an Agreement, which has overall responsibility for the execution of a Project.

"Loan" means a loan extended by the Fund to the Borrower pursuant to a Financing Agreement.

"Loan Account" means the account in the books of the Fund opened in the name of the Borrower to which the amount of a Loan is credited.

"Loan Service Payment" means any payment required or permitted to be made by the Borrower or the Guarantor to the Fund under a Financing Agreement, including (but not limited to) any payment of the principal of, or interest or service charge on any Loan.

"Loan Service Payment Currency" means the freely convertible currency defined as such in a Financing Agreement.

"Member State" means any Member State of the Fund.

"Pound sterling" or "GBP" means the currency of the United Kingdom of Great Britain and Northern Ireland.

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[2] Amended September 2010.

"Procurement Plan" means the Borrower/Recipient's Procurement Plan covering the initial eighteen (18) month period of Project implementation, as the same shall be updated to cover succeeding twelve (12) month periods.

"Project" means the agricultural development project or programme described in an Agreement and financed, in whole or in part, by the Financing.

"Project Account" means an account for Project operations as described in Section 7.02(b).

"Project Agreement" means any agreement between the Fund and any Project Party relating to the implementation of all or any part of a Project.

"Project Completion Date" means the date specified in an Agreement on which the implementation of the Project is to be completed, or such later date as the Fund may designate by notice to the Borrower/Recipient.

"Project Implementation Period" means the period during which the Project is to be carried out, beginning on the date of entry into force of the Agreement and ending on the Project Completion Date.

"Project Member State" means the Member State in which the Project is carried out.

"Project Party" means each entity responsible for the implementation of the Project or any part thereof. The term "Project Party" includes (but is not limited to) the Lead Project Agency and any entity designated as a Project Party in an Agreement.

"Project Year" means (i) the period beginning on the date of entry into force of an Agreement and ending on the last day of the then-current Fiscal Year, and (ii) each period thereafter beginning on the first day of the Fiscal Year and ending on the last day thereof, provided, however, that if the date of entry into force of the Agreement falls after the midpoint of the Fiscal Year, Project Year 1 shall continue through the following Fiscal Year.

"Recipient" means the party designated as such in an Agreement.

"SDR Equivalent" means, with respect to any amount expressed in any currency at the time of determination, the equivalent of such amount in SDR, as determined by the Fund in accordance with Article 5.2(b) of the *Agreement Establishing IFAD*.

"Special Drawing Rights" or "SDR" mean special drawing rights as valued from time to time by the International Monetary Fund in accordance with its Articles of Agreement.

"Subsidiary Agreement" means any agreement or arrangement by which (i) the whole or part of the proceeds of the Financing are made available to a Project Party and/or (ii) a Project Party undertakes to carry out the Project, in whole or in part.

"Target Population" means the group of people intended to benefit from a Project.

"Taxes" means all imposts, levies, fees, tariffs and duties of any kind imposed, levied, collected, withheld or assessed by or in the territory of the Project Member State at any time.

"US dollar" or "USD" means the currency of the United States of America.

"Value Date" means, in respect of any withdrawal from the Loan Account, the date on which such withdrawal is deemed made in accordance with Section 4.06 and, in respect of any Loan Service Payment, the date on which such Loan Service Payment is deemed made in accordance with Section 5.04.

"Yen" or "JPY" means the currency of Japan.

SECTION 2.02. Use of Terms.

As used in these General Conditions and any Agreement, except as the context otherwise requires, terms in the singular include the plural, terms in the plural include the singular, and masculine pronouns include the feminine.

SECTION 2.03. References and Headings.

Unless otherwise indicated, references in these General Conditions to Articles or Sections refer to Articles or Sections of these General Conditions. The headings of the Articles and Sections and in the Table of Contents of these General Conditions are given for convenience of reference only and do not form an integral part of these General Conditions.

ARTICLE III - THE COOPERATING INSTITUTION

SECTION 3.01. Appointment of the Cooperating Institution.

A Financing Agreement may provide that a Cooperating Institution will be appointed to administer the Financing and supervise the Project.

SECTION 3.02. Responsibilities of the Cooperating Institution.

If appointed, the Cooperating Institution shall be responsible for:

(a) facilitating Project implementation by assisting the Borrower/Recipient and the Project Parties in interpreting and complying with the Financing Agreement;

(b) reviewing the Borrower/Recipient's withdrawal applications to determine the amounts which the Borrower/Recipient is entitled to withdraw from the Loan and/or Grant Account;

(c) reviewing and approving on a no-objection basis the procurement of goods, civil works and services for the Project financed by the Financing;

(d) monitoring compliance with the Financing Agreement, bringing any substantial non-compliance to the attention of the Fund and recommending remedies therefor; and

(e) carrying out such other functions to administer the Financing and supervise the Project as may be set forth in the Cooperation Agreement.

SECTION 3.03. Cooperation Agreement.

If a Cooperating Institution is appointed, the Fund shall enter into a Cooperation Agreement with the Cooperating Institution setting forth the terms and conditions of its appointment.

SECTION 3.04. Actions by the Cooperating Institution.

Any action by the Cooperating Institution in accordance with a Cooperation Agreement shall be regarded and treated by the Borrower/Recipient, the Guarantor and the Project Parties as an action taken by the Fund.

SECTION 3.05. Cooperation by the Borrower/Recipient and the Project Parties.

The Borrower/Recipient, the Guarantor and the Project Parties shall take all necessary or appropriate steps to enable the Cooperating Institution to carry out its responsibilities smoothly and effectively.

ARTICLE IV - LOAN ACCOUNT AND WITHDRAWALS

SECTION 4.01. Loan and Grant Accounts.

Upon the entry into force of a Financing Agreement, the Fund shall open a Loan Account and/or a Grant Account in the name of the Borrower/Recipient and credit the principal amounts of the Loan and the Grant respectively thereto.

SECTION 4.02. Withdrawals from the Loan and Grant Accounts.

(a) Between the date of entry into force of the Agreement and the Financing Closing Date, the Borrower/Recipient may request withdrawals from the Loan Account and/or Grant Account of amounts paid or to be paid for Eligible Expenditures. The Fund shall notify the Borrower/Recipient of the minimum amount for withdrawals.

(b) No withdrawal shall be made from the Loan and/or Grant Accounts until the first AWPB has been approved by the Fund and the Fund has determined that all other conditions specified in the Financing Agreement as additional general conditions precedent to withdrawal have been fulfilled. The Financing Agreement may also establish additional specific conditions precedent to withdrawal applicable to particular categories or activities. Withdrawals to meet the costs of starting up the Project may be made from the date of entry into force of the Agreement, subject to any limits established in the Financing Agreement.

SECTION 4.03. Special Commitments.

Upon the Borrower/Recipient's request, the Fund may agree to make an irrevocable commitment to pay amounts necessary to guarantee a Letter of Credit used to finance Eligible Expenditures (a "Special Commitment") on such terms and conditions as the Borrower/Recipient and the Fund may agree.

SECTION 4.04. Applications for Withdrawal, or Special Commitment.

(a) When the Borrower/Recipient wishes to request a withdrawal from the Loan and/or Grant Accounts or a Special Commitment, the Borrower/Recipient shall deliver to the Fund an application in the form specified therefor by the Fund, together with such documents and other evidence in support of such application as the Fund shall reasonably request.

(b) The Borrower/Recipient shall furnish to the Fund satisfactory evidence of the authority of the person or persons authorised to sign such applications and the authenticated specimen signature of each such person.

(c) Each such application, and the accompanying documents and other evidence, must be sufficient to satisfy the Fund that the Borrower/Recipient is entitled to such withdrawal or Special Commitment.

(d) If the Borrower/Recipient requests a withdrawal from the Loan and/or Grant Accounts for amounts to be paid thereafter for Eligible Expenditures, the Fund may, before transferring such amount to the Borrower/Recipient, require that the Borrower/Recipient provide evidence satisfactory to the Fund showing that previous withdrawals have been properly spent for Eligible Expenditures. The Fund may place reasonable limits on the amount that the Borrower/Recipient may withdraw in advance or the overall balance of such advance withdrawals, and may require that such amounts be held in a freely convertible currency and/or be held in an account designated for that purpose in a bank acceptable to the Fund.

SECTION 4.05. Transfer by the Fund.

Upon receipt of an authenticated and satisfactory application for withdrawal from the Borrower/Recipient, the Fund shall transfer to the account specified by the Borrower/Recipient the amount specified therein.

SECTION 4.06. Value Dates of Withdrawals.

A withdrawal shall be deemed made as of the day on which the relevant financial institution debits the account of the Fund chosen for the purpose of disbursing such withdrawal.

SECTION 4.07. Allocations and Reallocations of Financing Proceeds.

(a) A Financing Agreement may allocate the amount of the Financing to categories of Eligible Expenditures and specify the percentages of such Eligible Expenditures to be financed by the Financing.

(b) The Fund shall monitor the uses of the Financing in order to determine when the allocation to a category has been depleted or is about to be depleted.

(c) If the Fund determines that the amount of the Financing allocated in the Financing Agreement to a category of Eligible Expenditures is or will be insufficient, the Fund may, by notice to the Borrower/Recipient:

(i) reallocate to such category amounts of the Financing allocated to another category to the extent required to meet the estimated shortfall; and/or

(ii) if such reallocation will not fully meet the estimated shortfall, reduce the percentage of such Eligible Expenditures to be financed by the Financing.

SECTION 4.08. Eligible Expenditures.[3]

(a) The Financing shall be used exclusively to finance expenditures meeting each of the following eligibility requirements:

(i) The expenditure shall meet the reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines.

(ii) The expenditure shall be incurred during the Project Implementation Period, except that expenditures to meet the costs of winding up the Project may be incurred after the Project Completion Date and before the Financing Closing Date.

(iii) The expenditure shall be incurred by a Project Party.

(iv) If the Agreement allocates the amount of the Financing to categories of Eligible Expenditures and specifies the percentages of such Eligible Expenditures to be financed by the Financing, the expenditure must relate to a category whose allocation has not been depleted, and shall be eligible only up to the percentage applicable to such category.

(v) The expenditure shall be otherwise eligible in accordance with the terms of the Financing Agreement.

(b) The Fund may from time to time exclude certain types of expenditure from eligibility.

(c) Any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, shall not be eligible for financing by the Financing.

(d) Any payments to a person or an entity, or for any goods, works or services, if making or receiving such payment constitutes a coercive, collusive, corrupt or fraudulent practice by any representative of the Borrower/Recipient or any Project Party, shall not be eligible for financing by the Financing.

SECTION 4.09. Refund of Withdrawals.

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[3] Amended September 2010.

If the Fund determines that any amount withdrawn from the Loan and/or Grant Accounts was not used for the purposes indicated or will not be needed thereafter to finance Eligible Expenditures, the Borrower/Recipient shall promptly refund such amount to the Fund upon instruction by the Fund. Except as the Fund shall otherwise agree, such refund shall be made in the currency used by the Fund to disburse such withdrawal. The Fund shall credit the Loan and/or Grant Accounts by the SDR Equivalent of the amount so refunded.

ARTICLE V - LOAN SERVICE PAYMENTS

SECTION 5.01. Lending Terms.[4]

Loans provided by the Fund shall be given on highly concessional, intermediate or ordinary terms, as specified in the Financing Agreement:

(a) Highly Concessional Terms: Loans granted on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board.

(b) Hardened Terms: Loans granted on hardened terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty (20) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board.

(c) Intermediate Terms: Loans granted on intermediate terms shall be subject to interest on the principal amount of the Loan outstanding at a rate of one half of the IFAD Reference Interest Rate payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty (20) years, including a grace period of five (5) years starting from the date that the Fund has determined that all general conditions precedent to withdrawal have been fulfilled in accordance with section 4.02(b).

(d) Ordinary Terms: Loans granted on ordinary terms shall be subject to interest on the principal amount of the Loan outstanding at a rate equal to the IFAD Reference Interest Rate, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years starting from the date that the Fund has determined that all general conditions precedent to withdrawal have been fulfilled in accordance with section 4.02(b).

(e) Interest and service charge shall accrue on the outstanding principal amount of the Loan and shall be computed on the basis of a 360-day year of twelve 30-day months. The Fund shall provide the Borrower with a statement of interest and service charge due at least four (4) weeks prior to the date upon which payment is to be made.

(f) The Fund shall publish the IFAD Reference Interest Rate applicable in each interest period.

(g) During the grace period, interest and service charge shall accrue on the outstanding principal amount of the Loan and shall be payable semi-annually, but no payments of principal shall be due.

SECTION 5.02. Repayments and Prepayments of Principal.

(a) The Borrower shall repay the aggregate principal amount of the Loan withdrawn from the Loan Account in semi-annual instalments, calculated over the maturity period minus the grace period. The Fund shall inform the Borrower of the dates and amounts of the payments as soon as possible after the start of the period of maturity of the Loan.

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[4] Amended September 2010.

(b) The Borrower shall have the right to prepay all or any part of the principal amount of the Loan, provided that the Borrower pays all accrued and unpaid interest and service charges on the amount to be prepaid which are due as of the prepayment date. All prepayments shall be credited first against any outstanding interest and service charge and then against the remaining Loan instalments.

(c) Any partial cancellation of the Loan shall be applied pro rata to any remaining payment instalments of the principal amount of the Loan. The Fund shall notify the Borrower of such application, specifying the dates and amounts of the remaining instalments after giving effect thereto.

SECTION 5.03. Manner and Place of Payment.

All Loan Service Payments shall be paid to such account or accounts in such bank or other financial institution as the Fund may designate by notice to the Borrower.

SECTION 5.04. Value Dates of Loan Service Payments.

Loan Service Payments shall be deemed made as of the day on which the relevant financial institution credits the account of the Fund designated therefor.

ARTICLE VI - CURRENCY PROVISIONS

SECTION 6.01. Currencies for Withdrawals.

(a) Withdrawals from the Loan and/or Grant Accounts shall be made in the respective currencies in which expenditures to be financed out of the proceeds of the Financing have been paid or are payable, or in such currency or currencies as the Fund may select.

(b) The Loan and/or Grant Accounts shall be debited by the SDR Equivalent of the amount withdrawn determined as of the value date of withdrawal. If the currency of withdrawal has been purchased by the Fund with another currency, the Loan and/or Grant Accounts shall be debited by the SDR Equivalent of the amount of such other currency.

SECTION 6.02. Loan Service Payment Currency.

All Loan Service Payments shall be made in the Loan Service Payment Currency specified in the Financing Agreement. The amount of any Loan Service Payment shall be the equivalent in Loan Service Payment Currency, as of the due date, of the SDR amount of such Loan Service Payment, as determined by the Fund in accordance with Article 5, Section 2(b) of the *Agreement Establishing IFAD*.

SECTION 6.03. Valuation of Currencies.

Whenever it is necessary to determine the value of one currency in terms of another, the Fund shall determine such value in accordance with Article 5, Section 2(b) of the *Agreement Establishing IFAD*.

ARTICLE VII - IMPLEMENTATION OF THE PROJECT

SECTION 7.01. Project Implementation.

(a) The Borrower and each of the Project Parties shall carry out the Project:

(i) with due diligence and efficiency;

(ii) in conformity with appropriate administrative, engineering, financial, economic, operational, environmental and agricultural development practices (including rural development practices) and good governance;

(iii) in accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower/Recipient and the Fund;

(iv) in accordance with the provisions of the relevant Agreement, the AWPBs, and the Procurement Plan;

(v) in accordance with the policies, criteria and regulations relating to agricultural development financing laid down from time to time by the Governing Council and Executive Board of the Fund; and

(vi) so as to ensure the sustainability of its achievements over time.

(b) (i) Projects shall be implemented on the basis of an Annual Workplan and Budget (AWPB). The Lead Project Agency shall prepare a draft Project AWPB for each Project based, to the extent appropriate, on the draft AWPBs prepared by the various Project Parties. Each draft Project AWPB shall include, among other things, a detailed description of planned Project activities during the coming Project Year, a Procurement Plan, and the sources and uses of funds.

(ii) Before each Project Year, the Lead Project Agency shall, if required, submit the draft Project AWPB to the oversight body designated by the Borrower/Recipient for its review. When so reviewed, the Lead Project Agency shall submit the draft Project AWPB to the Fund for comments no later than sixty (60) days before the beginning of the relevant Project Year. If the Fund does not comment on the draft Project AWPB within thirty (30) days of receipt, the AWPB shall be deemed acceptable to the Fund.

(iii) The Lead Project Agency shall adopt the Project AWPB in the form accepted by the Fund.

(iv) The Lead Project Agency may propose adjustments in the Project AWPB during the relevant Project Year, which shall become effective after acceptance by the Fund.

SECTION 7.02. Availability of Financing Proceeds.

(a) The Borrower/Recipient shall make the proceeds of the Financing available to the Project Parties upon terms and conditions specified in the Financing Agreement or otherwise approved by the Fund for the purpose of carrying out the Project.

(b) The Financing Agreement may provide that the Borrower/Recipient open and maintain one or more Project Accounts for Project operations in a bank acceptable to the Fund, and shall identify the Project Party responsible for operating such account or accounts. The operation of such accounts, unless otherwise specified in the Financing Agreement, shall be performed in accordance with the applicable rules and regulations of the Project Party responsible therefor.

SECTION 7.03. Availability of Additional Resources.

(a) In addition to the proceeds of the Financing, the Borrower/Recipient shall make available to the Project Parties such funds, facilities, services and other resources as may be required to carry out the Project in accordance with Section 7.01.

(b) In addition to the proceeds of the Financing, the Financing Agreement may provide that the Borrower/Recipient shall make available to the Project Parties during the Project Implementation Period counterpart funds from its own resources in accordance with its customary national procedures for development assistance.

SECTION 7.04. Coordination of Activities.

In order to ensure that the Project is carried out in accordance with Section 7.01, the Borrower/Recipient shall ensure that the relevant activities of its ministries, departments and agencies, and

those of each Project Party, are conducted and coordinated in accordance with sound administrative policies and procedures.

SECTION 7.05. Procurement.

(a) Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.

(b) By notice to the Borrower/ Recipient, the Fund may require that all bidding documents and contracts for procurement of goods, works and services financed by the Financing include provisions requiring bidders, suppliers, contractors, sub-contractors and consultants to:

(i) allow full inspection by the Fund of all bid documentation and related records;

(ii) maintain all documents and records related to the bid or contract for three years after completion of the bid or contract; and

(iii) cooperate with agents or representatives of the Fund carrying out an audit or investigation.

SECTION 7.06. Use of Goods and Services.

All goods, services and buildings financed by the Financing shall be used exclusively for the purposes of the Project.

SECTION 7.07. Maintenance.

The Borrower/Recipient shall ensure that all facilities and civil works used in connection with the Project shall at all times be properly operated and maintained and that all necessary repairs of such facilities shall be made promptly as needed.

SECTION 7.08. Insurance.

(a) The Borrower/Recipient or the Lead Project Agency shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practice.

(b) The Borrower/Recipient or the Lead Project Agency shall insure the goods imported for the Project which are financed by the Financing against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation in accordance with sound commercial practice.

SECTION 7.09. Subsidiary Agreements.

(a) The Borrower/Recipient shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement or the Project Agreement.

(b) The Borrower/Recipient and each Project Party shall exercise its rights under any Subsidiary Agreement to which it is party to ensure that the interests of the Borrower/Recipient and the Fund are fully protected and the Project is carried out in accordance with Section 7.01.

(c) No provision of any Subsidiary Agreement to which the Borrower/Recipient is a party shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund.

(d) The Borrower/Recipient shall bear any foreign exchange risk under any Subsidiary Agreement to which it is party, unless otherwise agreed by the Fund.

SECTION 7.10. Performance of the Agreements.

(a) The Borrower/Recipient shall be fully responsible to the Fund for the due and timely performance of all obligations ascribed to it, the Lead Project Agency and all other Project Parties under any Agreement. To the extent any Project Party enjoys legal personality separate from the Borrower/Recipient, any reference to an obligation of such Project Party in an Agreement shall be deemed an obligation of the Borrower/Recipient to ensure that such Project Party performs such obligation. The acceptance by any Project Party of any obligation ascribed to it in an Agreement shall not affect the responsibilities and obligations of the Borrower/Recipient.

(b) The Borrower/Recipient shall take all necessary or appropriate action within its powers to enable and assist the Lead Project Agency and any other Project Party to perform its obligations under an Agreement. The Borrower/Recipient shall not take, and shall not permit any third party to take, any action that would interfere with such performance.

SECTION 7.11. Key Project Personnel.

The Borrower/Recipient or the Lead Project Agency shall appoint the Project Director and all other key Project personnel in the manner specified in the Agreement or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Agreement or otherwise approved by the Fund. The Borrower/Recipient shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period. The Borrower/ Recipient or the Lead Project Agency shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is appropriate.

SECTION 7.12. Project Parties.

Each Project Party shall, as required to carry out the Project in accordance with Section 7.01:

(a) promptly take all necessary or appropriate action to maintain its corporate existence and to acquire, maintain and renew its rights, properties, powers, privileges and franchises;

(b) employ competent and experienced management and personnel;

(c) operate, maintain and replace its plant, equipment and other properties; and

(d) not sell, lease or otherwise dispose of any of the Project's assets, except in the normal course of business or as agreed by the Fund.

SECTION 7.13. Allocation of Project Resources.

The Borrower/Recipient and the Project Parties shall ensure that the resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.

SECTION 7.14. Environmental Factors.

The Borrower/Recipient and the Project Parties shall take all reasonable measures to ensure that the Project is carried out with due diligence in regard to environmental factors and in conformity with national environmental laws and any international treaties to which the Project Member State may be party. In particular, the Project Parties shall maintain appropriate pest management practices under the Project and, to that end, shall comply with the principles of the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organisation of the United Nations (FAO), as amended, and ensure that pesticides procured under the Project do not include any pesticide formulation which would be classified as Extremely Hazardous (Class Ia) or Highly Hazardous (Class Ib) according to *The WHO Recommended Classification of Pesticides by Hazard*, as amended.

SECTION 7.15. Relending Rates.

During the Project Implementation Period, the Borrower/Recipient and the Fund shall periodically review the interest rates applicable to any credits extended to members of the Target Population which are financed (directly or indirectly) by the Financing. These reviews shall be conducted jointly with the objective of reaching or maintaining positive interest rates over time. The Borrower/Recipient shall take any appropriate measures, consistent with its policies and the Fund's policies, to achieve that objective. Among such measures, the Borrower/Recipient and each Project Party extending such credits shall endeavour to minimise its costs. For purposes of this Section, the term "positive interest rate" means, in respect of any credit extended by any Project Party, an interest rate which, after giving effect to inflation, permits such Project Party to recover its costs and achieve sustainability.

SECTION 7.16. Project Completion.

The Borrower/Recipient shall ensure that the Project Parties complete the implementation of the Project by the Project Completion Date. The Fund and the Borrower/Recipient shall agree on the disposition of the assets of the Project upon its completion.

ARTICLE VIII - IMPLEMENTATION REPORTING AND INFORMATION

SECTION 8.01. Implementation Records.

The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter.

SECTION 8.02. Monitoring of Project Implementation.

The Lead Project Agency shall:

(a) establish and thereafter maintain an appropriate information management system in accordance with the Fund's *Guide for Project Monitoring and Evaluation* with which it shall continuously monitor the Project;

(b) during the Project Implementation Period, gather all data and other relevant information (including any and all information requested by the Fund) necessary to monitor the progress of the implementation of the Project and the achievement of its objectives; and

(c) during the Project Implementation Period and for at least ten (10) years thereafter, adequately store such information, and, promptly upon request, make such information available to the Fund and its representatives and agents.

SECTION 8.03. Progress Report and Mid-Term Reviews.

(a) The Lead Project Agency, or other party so designated in the relevant Agreement, shall furnish to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably request. At a minimum, such reports shall address (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives, (ii) problems encountered during the reporting period, (iii) steps taken or proposed to be taken to remedy these problems, and (iv) the proposed programme of activities and the progress expected during the following reporting period.

(b) If specified in an Agreement, the Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Lead Project Agency and approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints.

(c) The Borrower/Recipient shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. Such recommendations may result in modifications to the Agreement or cancellation of the Financing.

SECTION 8.04. Completion Report.

As promptly as possible after the Project Completion Date but in any event no later than the Financing Closing Date, the Borrower/Recipient shall furnish to the Fund a report on the overall implementation of the Project, in such form and substance as may be specified in the Financing Agreement or as the Fund shall reasonably request. At a minimum, such report shall address (i) the costs and benefits of the Project, (ii) the achievement of its objectives, (iii) the performance by the Borrower/Recipient, the Project Parties, the Fund of their respective obligations under the Agreement and (iv) lessons learned from the foregoing.

SECTION 8.05. Plans and Schedules.

The Project Parties shall furnish to the Fund promptly upon their preparation, such plans, design standards, reports, contract documents, specifications and schedules relating to the Project, and any material modifications subsequently made therein.

SECTION 8.06. Other Implementation Reports and Information.

In addition to the reports and information required by the foregoing provisions of this Article:

(a) The Borrower/Recipient and the Project Parties shall promptly furnish to the Fund such other reports and information as the Fund shall reasonably request on any matter relating to the Project or any Project Party.

(b) The Borrower/Recipient and the Project Parties shall promptly inform the Fund of any condition that interferes with, or threatens to interfere with, the implementation of the Project or the achievement of its objectives. In particular, the Borrower/Recipient and the Project Parties shall promptly notify the Fund of any allegations of fraud and/or corruption that are received in relation to any of the Project activities.

ARTICLE IX - FINANCIAL REPORTING AND INFORMATION

SECTION 9.01. Financial Records.

The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date, and shall retain such accounts and records for at least ten (10) years thereafter.

SECTION 9.02. Financial Statements.

The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within four (4) months of the end of each Fiscal Year.

SECTION 9.03. Audit of Accounts.

The Borrower/Recipient shall:

(a) each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund and the Fund's *Guidelines on Project Audits (for Borrowers' Use)* by independent auditors acceptable to the Fund;

(b) within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof;

(c) if the Borrower/Recipient does not timely furnish any required audit report in satisfactory form and the Fund determines that the Borrower/Recipient is unlikely to do so within a reasonable period, the Fund may engage independent auditors of its choice to audit the accounts relating to the Project. The Fund may finance the cost of such audit by withdrawal from the Loan and/or Grant Accounts.

SECTION 9.04. Other Financial Reports and Information.

In addition to the reports and information required by the foregoing provisions of this Article:

(a) The Borrower/Recipient and the Project Parties shall promptly furnish to the Fund such other reports and information as the Fund shall reasonably request on any financial matter relating to the Financing or the Project or any Project Party.

(b) The Borrower/Recipient and the Guarantor shall promptly inform the Fund of any condition that interferes with, or threatens to interfere with, the maintenance of Loan Service Payments.

(c) The Project Member State shall promptly furnish to the Fund all information that the Fund may reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt.

ARTICLE X - COOPERATION

SECTION 10.01. Cooperation, Generally.

The Fund, the Cooperating Institution and each Project Party shall cooperate fully to ensure that the objectives of the Project are achieved.

SECTION 10.02. Exchange of Views.

The Fund, the Borrower/Recipient and the Lead Project Agency shall, from time to time at the request of any one of them, exchange views on the Project, the Financing, or any Project Party.

SECTION 10.03. Visits, Inspections and Enquiries.

The Borrower/Recipient and the Project Parties shall enable agents and representatives of the Fund from time to time to:

(a) visit and inspect the Project, including any and all sites, works, equipment and other goods used for Project-related purposes;

(b) examine the originals and take copies of any data, accounts, records and documents relevant to the Financing, the Project, or any Project Party; and

(c) visit, communicate with and make enquiries of all Project personnel and any staff member of any Project Party.

SECTION 10.04. Audits Initiated by the Fund.

The Borrower/Recipient and the Project Parties shall permit auditors designated by the Fund to audit the records and accounts relating to the Project. The Borrower/Recipient and the Project Parties shall cooperate fully with any such audit and accord the auditors the full rights and privileges of agents or representatives of the Fund under Section 10.03. With the exception of audits carried out in accordance with Section 9.03(c), the Fund shall bear the cost of such audits.

SECTION 10.05. Evaluations of the Project.

(a) The Borrower/Recipient and each Project Party shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation Period and for ten (10) years thereafter.

(b) As used in this Section, the term "facilitate", in addition to full compliance with Articles VIII, IX and this Article X in respect of such evaluations and reviews, includes providing timely logistical support by making available Project personnel and equipment and promptly taking such other action as the Fund may request in connection with such evaluations and reviews, but does not include incurring out-of-pocket expenses.

SECTION 10.06. Country Portfolio Reviews.

The Project Member State shall permit the agents and representatives of the Fund, in consultation with the Project Member State, to enter its territory from time to time to exchange views with such persons, visit such sites, and examine such data, records and documents as the Fund may reasonably request in order to carry out a general review of all projects and programmes financed, in whole or in part, by the Fund in its territory and all financing extended by the Fund to the Project Member State. The Project Member State shall ensure that all concerned parties cooperate fully in such review.

ARTICLE XI - TAXATION

SECTION 11.01. Taxation.

(a) The Financing and all Loan Service Payments shall be exempt from all Taxes, and all Loan Service Payments shall be made free and clear of Taxes.

(b) The Agreement shall be exempt from any Taxes on signature, delivery or registration.

(c) The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its Financing. Therefore, if the Fund at any time determines that the amount of any such Tax is excessive, discriminatory or otherwise unreasonable, the Fund may, by notice to the Borrower/Recipient, reduce the percentages of Eligible Expenditures to be financed by the Financing which are specified in the Financing Agreement.

SECTION 11.02. Tax Refunds.

If the Fund determines at any time that any amount of Financing proceeds have been used to pay Taxes that it has determined to be excessive, discriminatory or otherwise unreasonable, it may require the Borrower/Recipient, by written notice, to refund such amount promptly to the Fund. Upon receipt thereof, the Fund shall credit the Loan and/or Grant Accounts in the amount of such refund.

ARTICLE XII - REMEDIES OF THE FUND

SECTION 12.01. Suspension by the Fund.

(a) Whenever any of the following events has occurred and is continuing, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts:

(i) The Borrower has failed to make any Loan Service Payment when due, whether or not the Guarantor or any other third party has made such Loan Service Payment.

(ii) The Borrower/Recipient has failed to make any payment due under any other Financing Agreement, Guarantee Agreement, or other financial obligation of any kind of the Borrower/Recipient to the Fund, whether or not any third party has made such payment.

(iii) The Guarantor has failed to make any Loan Service Payment when due.

(iv) The Guarantor has failed to make any payment due under any other Financing or Guarantee Agreement between the Guarantor and the Fund, or other financial obligation of any kind of the Guarantor to the Fund.

(v) The Fund has determined that the Project has failed to fulfil, or is unlikely to fulfil in a timely manner, its purposes as stated in the Agreement.

(vi) The Fund has determined that a situation has arisen which may make it improbable that the Project can be successfully carried out or that any Project Party will be able to perform any of its obligations under any Agreement.

(vii) The Project Member State has been suspended from membership in the Fund or ceased to be a Member State; or the Project Member State has delivered a notice of its intention to withdraw from the Fund.

(viii) Any representation made by the Borrower/Recipient, the Guarantor, or any Project Party in any Agreement, or any statement furnished in connection therewith and relied upon by the Fund in making the Financing, is incorrect or misleading in any material respect.

(ix) If the Borrower/Recipient is not a Member State, the Fund has determined that any material adverse change in the condition of the Borrower/Recipient has occurred.

(x) Either the Borrower/Recipient or the Guarantor has been unable to pay its debts generally as they come due.

(xi) Any competent authority has taken action for the dissolution of the Lead Project Agency or suspension of its operations.

(xii) Any competent authority has taken action for the dissolution of any Project Party (other than the Lead Project Agency) or suspension of its operations, and the Fund has determined that such dissolution or suspension is likely to have a material adverse effect on the Project.

(xiii) The Borrower/Recipient has failed to make any funds, facilities, services and other resources available to the Project Parties in accordance with Sections 7.02 or 7.03.

(xiv) The Fund has not received any audit report or other document referred to in Article VIII (Implementation Reporting and Information) or Article IX (Financial Reporting and Information) within the time prescribed therefor in the Agreements, or the audit report is not fully satisfactory to the Fund, or the Borrower/Recipient or any other Project Party has otherwise failed to perform its obligations under Article VIII or IX.

(xv) The Lead Project Agency or any other Project Party has failed to perform any of its obligations under a Project Agreement.

(xvi) The Borrower/Recipient or the Lead Project Agency has failed to perform any of its obligations under any Subsidiary Agreement.

(xvii) Any Project Party (other than the Lead Project Agency) has failed to perform any of its obligations under any Subsidiary Agreement, and the Fund has determined that such failure has had, or is likely to have, a material adverse effect on the Project.

(xviii) Any Subsidiary Agreement or any provision thereof has been assigned, waived, suspended, terminated, amended or otherwise modified without the prior consent of the

Fund, and the Fund has determined that such assignment, waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

(xix) The Fund has suspended, in whole or in part, the right of the Borrower/Recipient or the Guarantor to request or make withdrawals under any other Agreement with the Fund.

(xx) The Borrower/Recipient or any Project Party has failed to perform any other obligation under the Financing Agreement or any other Agreement.

(xxi) The Fund determines that any amount of the Financing has been used to finance an expenditure other than an Eligible Expenditure.

(xxii) The Fund, after consultation with the Borrower/Recipient, has determined that the material benefits of the Project are not adequately reaching the Target Population, or are benefiting persons other than the Target Population to the detriment of the Target Population.

(xxiii) The Borrower/Recipient has defaulted in the performance of any Special Covenant set forth in the relevant Agreement, and such default has continued unremedied for a period of thirty (30) days, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project.

(xxiv) The Fund has given notice to the Borrower/Recipient that credible allegations of coercive, collusive, corrupt or fraudulent practices in connection with the Project have come to the attention of the Fund, and the Borrower/Recipient has failed to take timely and appropriate action to address the matters to the satisfaction of the Fund.

(xxv) Procurement has not been or is not being carried out in accordance with the IFAD Procurement Guidelines.

(xxvi) Upon the occurrence or non-occurrence, as the case may be, of any event specified in the relevant Agreement as an additional ground for suspension.

Such suspension shall become effective upon dispatch of notice by the Fund to the Borrower/Recipient and the Guarantor. Such suspension shall continue until the Fund has notified the Borrower/Recipient that the Borrower/Recipient's right to request withdrawals has been restored in whole or in part.

(b) If the audit report required by Section 9.03 has not been submitted to the Fund within six (6) months of the date on which it is due, the right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts shall be suspended.

SECTION 12.02. Cancellation by the Fund.

(a) If any of the following events has occurred, the Fund may cancel in whole or in part the remaining amounts in the Loan and/or Grant Accounts:

(i) The right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts has been suspended under Section 12.01 with respect to any amount of the Financing for a continuous period of at least thirty (30) days.

(ii) The Fund determines after consultation with the Borrower/Recipient that any amount of the Financing will not be required to finance the Project.

(iii) After consultation with the Borrower/Recipient, the Fund determines that coercive, collusive, corrupt or fraudulent practices were engaged in by representatives of the Borrower/Recipient or any Project Party in respect of any expenditures incurred during the procurement or the carrying out of any contract financed by the Financing, and that the Borrower/Recipient has failed to take timely and appropriate action to remedy the situation.

(iv) The Fund has determined that any amount of the Financing has been used to finance an expenditure other than an Eligible Expenditure and the Borrower/Recipient has failed to promptly refund such amount to the Fund upon the Fund's instructions.

(v) The Fund has received any notice from the Guarantor terminating its obligations under the Guarantee Agreement.

(vi) The Mid-Term Review has recommended that the Project be terminated.

(vii) Upon the occurrence or non-occurrence, as the case may be, of any event specified in the relevant Financing Agreement as an additional ground for cancellation.

Such cancellation shall be effective upon dispatch of notice to the Borrower/Recipient.

(b) Any amounts remaining in the Loan and/or Grant Accounts shall be cancelled on the Financing Closing Date, except for any unwithdrawn balances of applications for withdrawal received by the Financing Closing Date and any amounts subject to undischarged Special Commitments, which shall be cancelled upon the full discharge of such Special Commitments.

SECTION 12.03. Cancellation by the Borrower/Recipient.

After consultation with the Fund and with the concurrence of the Guarantor, the Borrower/Recipient may by notice to the Fund cancel any unwithdrawn amount of the Financing, except for amounts subject to Special Commitment. Such cancellation shall become effective upon acknowledgement thereof by the Fund.

SECTION 12.04. Applicability of Cancellation or Suspension.

(a) No cancellation or suspension shall apply to amounts subject to any Special Commitment made by the Fund, unless such Special Commitment expressly provides otherwise.

(b) Except as expressly provided in this Article, all provisions of the Financing Agreement shall continue in full force and effect notwithstanding any cancellation or suspension.

SECTION 12.05. Acceleration of Maturity.

If at any time any of the following events has occurred, at any subsequent time during the continuance thereof, the Fund may declare the principal amount of the Loan then outstanding, together with all accrued interest and other charges thereon, to be immediately due and payable:

(a) any event specified in paragraphs (v) through (xii), inclusive, of Section 12.01 has occurred;

(b) the Fund has declared the principal of any other loan to the Borrower/Recipient or the Guarantor then outstanding to be immediately due and payable;

(c) any event specified in paragraphs (i) through (iv), inclusive, of Section 12.01 has occurred and continues for a period of thirty (30) days;

(d) any event specified in paragraphs (xiii) though (xxvi), inclusive, of Section 12.01 has occurred and continues for a period of sixty (60) days after notice thereof has been given by the Fund to the Borrower/Recipient and the Guarantor; or

(e) any other event specified in the Financing Agreement for the purposes of this Section has occurred and has continued for the period, if any, specified in the Financing Agreement.

Such declaration shall be effective upon dispatch of notice to the Borrower/Recipient and the Guarantor, whereupon such principal, interest and other charges shall become due and payable immediately.

SECTION 12.06. Other Remedies.

The remedies of the Fund set forth in this Article shall not limit or otherwise prejudice any rights or remedies available to the Fund otherwise.

ARTICLE XIII - ENTRY INTO FORCE AND TERMINATION

SECTION 13.01. Entry into Force.

An Agreement or amendment thereto shall enter into force on the date when both the Fund and the Borrower/Recipient have signed it, unless the Agreement states that it is subject to ratification, in which case the Agreement shall enter into force on the date the Fund receives an instrument of ratification.

SECTION 13.02. Termination before Withdrawal.

The Fund may terminate the Agreement and all rights and obligations of the parties thereunder if:

(a) before the date of first withdrawal from the Loan and/or Grant Accounts, any event of suspension specified in Section 12.01 has occurred; or

(b) before the date of first withdrawal from the Loan and/or Grant Accounts, the Borrower/Recipient, the Guarantor or any other Project Party has taken any action inconsistent with the object and purpose of any Agreement.

SECTION 13.03. Termination upon Full Performance.

An Agreement and all obligations of the parties thereunder shall terminate when the entire principal amount of the Loan withdrawn from the Loan Account and all interest and other charges which shall have accrued on the Loan have been paid and when all other obligations of the Parties have been fully performed, or when agreed by the Parties.

ARTICLE XIV - ENFORCEABILITY AND RELATED MATTERS

SECTION 14.01. Enforceability.

The Agreement and the rights and obligations of the parties thereunder shall be valid and enforceable in accordance with their terms, regardless of any law to the contrary in the territory of the Project Member State.

SECTION 14.02. Failure to Exercise Rights.

No delay in exercising, or failure to exercise, any right, power or remedy of any party under an Agreement shall impair any such right, power or remedy, or be construed as a waiver thereof. No action or omission of any party in respect of any default under an Agreement shall impair any right, power or remedy of such party in respect of any subsequent default.

SECTION 14.03. Rights and Remedies Cumulative.

The rights and remedies of any party under an Agreement are cumulative and (except as otherwise expressly provided) not exclusive of any right or remedies that such party would otherwise have.

SECTION 14.04. Arbitration.

(a) The parties to an Agreement shall endeavour to settle through amicable means any controversy between them in respect of such Agreement.

(b) Failing the settlement of a controversy through amicable means, the controversy shall be submitted to arbitration for settlement. The parties to the arbitration shall be the parties to the Agreement in controversy, except that the Guarantor may intervene or be interpleaded in any controversy that may affect its rights or obligations under the Guarantee Agreement.

(c) The Arbitral Tribunal shall consist of a single arbitrator appointed by agreement of the parties or, if they do not agree within three (3) months after proceedings are instituted under paragraph (d) below, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If the arbitrator shall resign, die or become unable to act, a successor arbitrator shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceedings may be instituted under this Section upon notice by the party instituting such proceedings to the other party or parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration.

(e) The arbitration proceedings shall take place at such time and place as shall be fixed by the arbitrator.

(f) Subject to the provisions of this Section and except if the parties shall otherwise agree, the arbitrator shall decide all questions relating to his competence and shall determine the procedure for the arbitration proceedings.

(g) The arbitrator shall afford to all parties a fair hearing and shall render his award in writing. Such award may be rendered by default. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties. Each party shall abide by and comply with any such award rendered by the arbitrator in accordance with the provisions of this Section.

(h) The parties shall fix the amount of the remuneration of the arbitrator and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the arbitration proceedings begin, the arbitrator shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the arbitrator shall be divided between and borne equally by the Fund on the one side and the other parties on the other side. Any question concerning the division of the arbitrator's costs among the parties or the procedure for payment of such costs shall be determined by the arbitrator.

(i) The provisions for arbitration set forth in this Section shall be instead of any other procedure for the settlement of controversies between the parties, and any claim by either party against the other party arising thereunder.

(j) If the award has not been complied with within thirty (30) days after the counterparts of the award have been delivered to the parties, any party may enter judgement upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party. Such party may enforce such judgement by execution or may pursue any other appropriate remedy against such other party for the enforcement of the award.

(k) Service of any notice or process in connection with any proceeding under this Section or (to the extent that such remedy shall be available) in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 15.01. The parties may waive any and all other requirements for the service of any such notice or process.

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01. Communications.

All notices, requests and other communications given or made under an Agreement shall be in writing. Except as otherwise expressly provided in the Agreement, any such notice, request or other communication shall be deemed duly given or made when delivered by hand, mail, telegram, cable,

facsimile or email to the party to which it is given or made at such party's address specified in the particular Agreement, or at such other address as such party may designate by notice to the other parties thereto.

SECTION 15.02. Language of Reporting.

The Borrower/Recipient and the Project Parties shall deliver all reports and information to the Fund in the language of the Agreement, or in any other language agreed by the Parties.

SECTION 15.03. Authority to Take Action.

The representative or agent so designated in any Agreement, or another person duly authorized in writing by such representative or agent, may take any action and sign any document in connection with such Agreement on behalf of such party.

SECTION 15.04. Evidence of Authority.

Upon request by the Fund, the Borrower/Recipient, the Guarantor and any Project Party shall furnish to the Fund sufficient evidence of the authority of the person or persons referred to in Section 15.03, and the authenticated specimen signature of each such person.

SECTION 15.05. Modifications of the Agreement.

The parties may agree from time to time to modify the terms and conditions of an Agreement (including, but not limited to, the terms and conditions of these General Conditions as applied thereto) or the application of the Agreement. Any amendment to an Agreement shall enter into force in accordance with the provisions of Section 13.01 hereof, unless the parties agree otherwise.

SECTION 15.06. Change of Entity or Representative.

If a party wishes to appoint any successor to, reassigns the responsibilities of, or changes the designation or address of any of the entities specified in an Agreement, such party shall give notice thereof to the other parties. Upon acceptance by the other parties, such new entity shall constitute the entity fully responsible for carrying out the functions assigned to its predecessor under the Agreement.

SECTION 15.07. Signature of the Agreement.

The signature of an Agreement by a party shall constitute the expression of such party's consent to be bound thereby, subject only to any ratification or authorisation required by a rule of internal law of fundamental importance and disclosed to the other party in writing before such signature.

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