

BỘ NGOẠI GIAO**BỘ NGOẠI GIAO**

Số: 03/2011/SL-LPQT

THÔNG BÁO HIỆU LỰC ĐIỀU ƯỚC QUỐC TẾ

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

Hiệp định viện trợ cho Dự án “Quan hệ đối tác vì người nghèo trong phát triển nông lâm nghiệp tỉnh Bắc Kạn” giữa nước Cộng hòa xã hội chủ nghĩa Việt Nam và Quỹ Phát triển nông nghiệp quốc tế (IFAD),

ký kết tại Hà Nội ngày 19 tháng 7 năm 2010 đã có hiệu lực và gửi kèm Bản sao lục Hiệp định theo quy định của Điều 68 Luật nêu trên./.

Hà Nội, ngày 18 tháng 01 năm 2011

TL. BỘ TRƯỞNG**KT. VỤ TRƯỞNG****VỤ LUẬT PHÁP VÀ ĐIỀU ƯỚC QUỐC TẾ****PHÓ VỤ TRƯỞNG****Nguyễn Thị Minh Nguyệt**

GRANT NO. GEF-MSP-19-VN

GRANT AGREEMENT

Promotion of Sustainable Forest and Land Management in the Vietnam Uplands

between the

SOCIALIST REPUBLIC OF VIETNAM

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Dated 19 July 2010

PREAMBLE

This AGREEMENT dated 19 July 2010 is between the SOCIALIST REPUBLIC OF VIETNAM (the “Recipient”) and the INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (the “Fund”).

WHEREAS

(A) On 15 September, 2009 the Chief Executive Officer (“CEO”) of the Global Environment Facility (“GEF”) endorsed the request of the International Fund for Agricultural Development (“Fund”) to finance the medium-sized project entitled *Promotion of Sustainable Forest and Land Management in the Vietnam Uplands* (the Project) under the Sustainable Forest Management (“SFM”) Country Programme Framework for Sustainable Forest Land Management;

(B) The GEF Secretariat has made available to the Fund, acting in the capacity as GEF executing agency, financial support on a grant basis to assist the Recipient in the implementation of the Project as described in Schedule 1 of this Agreement in an amount of six hundred and fifty-four thousand five hundred and forty-five US Dollars (USD 654 545) (“GEF Contribution”).

(C) The Fund and the Recipient entered into a separate Project Loan Agreement (IFAD Loan No. 768-VN) on 16 February, 2009 to finance the Pro-Poor Partnerships for Agroforestry Development Project (“3PAD”);

(D) The Project shall constitute an integral part of the 3PAD;

(E) The Project shall be supervised and the Grant shall be administered directly by the Fund;

(F) The Recipient consents for the Project activities (the “Activities”) to be financed in accordance with this Agreement, and designates the Provincial People’s Committee for the Bac Kan’s Province to be the Lead Project Agency responsible for the implementation of the Activities;

WHEREAS, on the basis of the above and other considerations, the Fund has agreed to extend the Grant to the Recipient on the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Provisions

Section 1.01. *General Conditions.* The Fund’s General Conditions for Agricultural Development Financing dated 2 December 1998 (hereinafter called the “General Conditions”) are annexed to this Agreement, and all provisions thereof (whether or not expressly mentioned herein) with the exception of Articles III, V, Sections 6.03, 12.01 (a), (c), (d), 12.05, 13.04 and 14.04 are made an integral part hereof. If any provision of this Agreement is inconsistent with a provision of the General Conditions, the provision of this Agreement shall govern, but no provision hereof shall limit the generality of any provision of the General Conditions.

Section 1.02. *Definitions.* Wherever used in this Agreement, unless the context otherwise requires, the terms defined in the Preamble to this Agreement have the respective meanings ascribed to them therein, and the following terms have the following meanings:

- (a) "AWPB" means the annual work plan and budget for carrying out the Project;
- (b) "Effective Date" is the date on which the Fund dispatches notice to the Recipient after its acceptance that the conditions precedent specified in Section 7.01 hereto have been fulfilled to the satisfaction of the Fund;
- (c) "Fiscal Year" means each period beginning 1 January and ending 31 December;
- (d) "Grant" has the meaning ascribed thereto in Section 2.01;
- (e) "Lead Project Agency" or "PPC" is the Provincial People's Committee of the Bac Kan Province;
- (f) "Grant Closing Date" means the date 6 months after the Project Completion Date, or such later date as the Fund may designate by notice to the Recipient;
- (g) "MOF" means the Ministry responsible for Finance of the Recipient;
- (h) "PMU" means the Project Management Unit established under the 3PAD;
- (i) "Project Completion Date" means 30 June, 2013 or such later date as the Fund may designate by notice to the Recipient;
- (j) "Project Implementation Period" means the period during which the Project shall be implemented, starting from the Effective Date and ending on the Project Completion Date;
- (k) "Project Party" means the Lead Project Agency and the PMU.
- (l) "Project Year" or "PY" means (i) the period beginning on the Effective Date and ending on the next following 31 December, and (ii) each period thereafter beginning on 1 January and ending on the earlier of 31 December or the Project Completion Date;
- (m) "PSC" means the Project Steering Committee established under the 3PAD;
- (n) "US Dollars" or "USD" means the currency of the United States of America;
- (o) "VND" or "Dong" means the currency of the Recipient.

Section 1.03. *Obligations of the Recipient.* The 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 this Agreement. To the extent any Project Party enjoys legal personality separate from the Recipient, any reference to an obligation of such Project Party in this Agreement shall be deemed an obligation of the Recipient to ensure that such Project Party performs such obligation. The acceptance by any Project Party of any obligation ascribed to it in this Agreement shall not affect the responsibilities and obligations of the Recipient hereunder.

ARTICLE II

The Grant

Section 2.01. *The Grant.* (a) The Fund agrees to extend a grant to the Recipient in the amount of six hundred and fifty-four thousand five hundred and forty-five US Dollars (USD 654 545)

(the "Grant") for the purpose of financing the Project. The allocation of the proceeds of the Grant is set forth in Schedule 2 to this Agreement.

Section 2.02. *GEF Grant Account and Withdrawals.* (a) The Fund shall open a GEF Grant Account in the name of the Recipient and credit the amount of the Grant thereto.

(b) As from the Effective Date, the Recipient may request withdrawals from the GEF Grant Account annually in advance during the Project Implementation Period. The amount so requested shall be based on the projected cash requirement for the Project for the annual period following the date of the request and shall not exceed the amount of expenditures from the proceeds of the grant which are included in the AWPB approved by the Fund.

(c) In making the request for withdrawal, the PMU shall submit a withdrawal application in the format set forth in Schedule 5. In support of the first withdrawal application, the PMU shall furnish to the Fund the following documents:

- (i) a certificate, in the format set forth in Schedule 6, evidencing authority of the person or persons authorized to sign the withdrawal application and the authenticated specimen signature of each such person;
- (ii) the AWPB and Procurement Plan approved by the Fund; and
- (iii) any such documents and other evidence in support of the application as the Fund shall reasonably request, whether before or after the Fund shall have permitted any withdrawal requested in the application.

(d) In addition to the supporting documents listed in Section 2.02(c) above, the PMU shall supplement each of its withdrawal applications for the second and subsequent Project Years with the following documents:

- (i) the AWPB and Procurement Plan acceptable to the Fund;
- (ii) a Statement of Expenditure pursuant to Section 5.02(a) of this Agreement; and
- (iii) any such documents and other evidence in support of the application as the Fund shall reasonably request, whether before or after the Fund shall have permitted any withdrawal requested in the application.

(e) Any such withdrawal shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GEF Secretariat and deposited in the GEF Grant Account to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend financial assistance to the Recipient under this Agreement for the purpose of the Project if funds are not available in the GEF Grant Account for the Project.

(f) If the Fund approves a request for withdrawal it shall withdraw the amount from the GEF Grant Account and deposit it in the GEF Grant Special Account referred to in Section 2.03 below. No withdrawal shall be made from the GEF Grant Account before the fulfilment of the conditions set forth in paragraph 6 of Schedule 2.

Section 2.03. *Accounts* (a) The Recipient shall open and thereafter maintain in a commercial bank accepted by the Fund a current account denominated in US Dollars for Project operations (the "GEF Grant Special Account"). The GEF Grant Special Account shall be protected against set-off, seizure or attachment on terms and conditions accepted by the Fund. The MOF shall be fully authorised to operate the GEF Grant Special Account in accordance with its procedures and the terms of this Agreement.

(b) The Lead Project Agency shall open and thereafter maintain in a commercial bank accepted by the Fund, a current account denominated in Dong for GEF-financed Activities (the “GEF Project Account”). Funds shall be transferred by the Recipient from the GEF Grant Special Account to the GEF Project Account as needed to cover projected expenses related to the Project. The GEF Project Account shall be protected against set-off, seizure or attachment on terms and conditions accepted by the Fund. The PMU shall be fully authorised to operate the GEF Project Account in accordance with its procedures and the terms of this Agreement.

Section 2.04. *Use of Grant Proceeds.* The Recipient and each Project Party shall ensure that the proceeds of the Grant shall only be used for expenditures, which are deemed eligible by the Fund and in accordance with the AWPBs for the Project. The Recipient and each Project Party shall ensure that the proceeds of the Grant shall not be used for the payment of custom duties, import or other duties or taxes levied in connection with the procurement of goods and services for the preparation of the Project or with the execution, delivery or registration of this Agreement if required under applicable law of the Recipient.

ARTICLE III

The Project

Section 3.01. *Implementation of the Project.* The Recipient declares its commitment to the goal of the Project as stated in Schedule 1 to this Agreement. In furtherance of such goal, the Recipient shall carry out the Project: (i) with due diligence and efficiency; (ii) in conformity with sound administrative, environmental, financial, technical and research practices; (iii) in accordance with the AWPBs; (iv) within the framework of the agreed objectives, approaches and strategy and in a way which achieves integration with activities supported through grant funds provided by the Fund; and (v) otherwise in accordance with this Agreement.

Section 3.02. *Annual Work Plans and Budgets and Procurement Plans.* (a) The PMU shall prepare a draft consolidated AWPB for each Project Year. The draft consolidated AWPBs shall include, among other things, a detailed description of planned Project activities during the coming Project Year, and the sources and uses of funds thereof. In addition to the consolidated AWPB for the first Project Year, a Procurement Plan for all major procurement of goods, works and consulting services covering the initial 18 months after the Effective Date, and annually thereafter, shall be prepared by the PMU together with other concerned Project Parties.

(b) The PMU shall submit the draft consolidated AWPB and Procurement Plan to the PSC for its review and endorsement. When so endorsed, the PSC shall submit the draft consolidated AWPB and Procurement Plan to the Fund, for its comments and acceptance, no later than 60 days before the beginning of the relevant Project Year. If the Fund does not comment on the draft AWPB and Procurement Plan within 30 days after receipt, the AWPB and Procurement Plan shall be deemed approved. The PMU shall ensure that each AWPB and Procurement Plan, substantially in the form so approved, is formally adopted by the PPC. The PMU shall provide copies of the endorsed AWPB and Procurement Plan to the Fund, prior to the commencement of the relevant Project Year.

(c) The PPC shall adopt the respective AWPB and Procurement Plan substantially in the form approved by the Fund.

(d) If required, the PMU may propose adjustments to the AWPB during the relevant Project Year, which shall become effective upon approval by the PPC and the Fund.

Section 3.03. *Contribution of Additional Resources.* The Project shall constitute an integral part of the 3PAD, and shall complement it with a global environmental dimension. Should the 3PAD terminate before the Project Completion Date, the Recipient shall continue until the Grant Closing Date to provide the facilities, financial support, and any additional funds and resources as may be required to carry out the Project in accordance with this Agreement.

Section 3.04. *Procurement.* Procurement of goods, works and services required for the Project to be financed from the proceeds of the Grant shall be carried out by the Recipient in accordance with the provisions set forth in Schedule 4 to the 3PAD.

Section 3.05. *Use of Goods and Services.* All goods and services financed by the Grant shall be used exclusively for the purposes of the Project.

Section 3.06. *Importation.* The Recipient shall be responsible for undertaking all formalities and other administrative arrangements necessary for the importation of any material, equipment or goods financed from the proceeds of the Grant.

Section 3.07. *Insurance.* The Recipient shall insure or shall make adequate provisions for the insurance of the imported goods to be financed out of the Grant against hazard incidents to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in the currency in which the expenditure was incurred.

Section 3.08. *Project Completion Date.* The Recipient shall complete the implementation of the Project on or before the Project Completion Date.

ARTICLE IV

Implementation Reporting and Information

Section 4.01. *Implementation Records.* The PMU shall maintain records and documents adequate to reflect their operations related to the implementation of the Project until the Project Completion Date and retain and adequately store such records and documents for ten years thereafter.

Section 4.02. *Progress Reports.* The PMU shall submit to the Lead Project Agency and the Fund six-monthly and consolidated annual progress reports on Project implementation. The progress reports shall address, *inter alia*: (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives; (ii) financial statements and accounts and audits; (iii) problems encountered during the reporting period; (iv) steps taken or proposed to be taken to remedy such problems; (v) the proposed programme of activities and the progress expected during the following reporting period; and (vi) any other issues that the Fund shall reasonably request.

Section 4.03. *Completion Report.* The PMU shall submit to the Fund a completion report on the Project as soon as possible after the Project Completion Date, but in no event later than the Grant Closing Date. The completion report shall address: (i) the costs and benefits of the Project; (ii) the achievement of its objectives; (iii) the performance by the Recipient and the Fund of their respective obligations under the Agreement; (iv) lessons learned from the foregoing; and (v) any other issues that the Fund shall reasonably request.

Section 4.04. *Visibility and Ownership of Results.* In the event that and prior to the production of any written, audio-visual and/or information technology material connected with or resulting from the Project by the Recipient and intended for limited or general publication, the Lead Project Agency shall consult with the Fund regarding the form and substance of the acknowledgement of the Fund and GEF's roles in supporting the Programme and shall include an acknowledgement in

terms agreed by both parties. The Lead Project Agency shall, free of charge, provide the Fund with copies of any relevant materials as the Fund may reasonably request, which the Fund may use for any purpose or objective it deems appropriate.

Section 4.05. *Monitoring and Evaluation.* In accordance with GEF procedures and the 3PAD monitoring and evaluation system, the PMU shall: (i) conduct an inception workshop and submit a report prior to the commencement of Project implementation; (ii) meet at least once a year with the Fund; and (iii) submit a Project Implementation Report (“PIR”) annually, as per GEF procedures.

Section 4.06. *Inspections.* The Recipient and each Project Party shall enable the accredited representatives of the Fund to inspect and review the Project, the goods financed out of the proceeds of the Grant, sites, works, properties, equipment and research facilities of the Recipient, and all the records and other documents relating to the Project Implementation Period and for ten years thereafter.

Section 4.07. *Evaluations.* The Recipient and each Project Party shall facilitate all evaluations of the Project that the Fund may carry out during the Project Implementation Period and for ten years thereafter.

ARTICLE V

Financial Reporting and Information

Section 5.01. *Financial Records.* The PMU shall maintain separate accounts and records in accordance with International Financial Reporting Standards adequate to reflect the sources and uses of funds to finance the Project until the Grant Closing Date, and shall retain such accounts and records for ten years thereafter.

Section 5.02. *Statement of Expenditure.* (a) The PMU shall, together with the withdrawal application for the second and subsequent Project Years, deliver to the Fund a Statement of Expenditure, in the format set forth in Schedule 7, certified by its Authorized Representative, with respect to the utilisation by the Recipient of the advances withdrawn from the GEF Grant Account.

(b) After the Project Completion Date but no later than the Grant Closing Date, the PMU shall deliver to the Fund a final Statement of Expenditure, with respect to the utilisation by the Recipient of the final amount withdrawn from the GEF Grant Account.

Section 5.03. *Audit Reports.* The Recipient shall have the accounts relating to the Project audited each Fiscal Year by independent auditors acceptable to the Fund in the context of the overall audit of the 3PAD in accordance with International Standards on Auditing as may be amended from time to time. The PMU shall deliver a certified copy of the audit report to the Fund within six months after the end of such Fiscal Year. The audit report shall be of such scope and in such detail as the Fund shall reasonably request, including a separate opinion, on the operations of the Grant Special Account and the GEF Project Account and all the Statements of Expenditure submitted to the Fund in connection with this Agreement during the reporting period.

ARTICLE VI

Remedies and Dispute Settlements

Section 6.01. *Suspension.* The Fund, following consultation with the Recipient, may suspend, in whole or in part, the right of the Recipient to request withdrawals from the GEF Grant Account upon the occurrence of any of the events set forth below, provided, however, that if the audit required by Section 5.03 has not been satisfactorily concluded within six months of the financial reporting date set forth therein, notwithstanding the provisions of Section 6.04, the Fund shall suspend the right of the Recipient to request withdrawals from the GEF Grant Account:

- (a) the Recipient has failed to perform any of its obligations under this Agreement and the Fund has determined that such failure has had, or is likely to have, a material adverse effect on the Project; or
- (b) the Fund has determined that a situation has arisen which may make it improbable that the Project can be successfully carried out; or
- (c) the right of the Recipient to withdraw the proceeds of the 3PAD financing has been suspended, cancelled or terminated, in whole or in part, or the 3PAD financing has become due and payable prior to the agreed maturity thereof; or any event has occurred which, with notice or the passage of time, could result in any of the foregoing; or
- (d) the Project Implementation Schedule or any provision thereof has been waived, suspended terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

Section 6.02. *Cancellation.* The Fund may terminate the right of the Recipient to request withdrawals from the GEF Grant Account if such right has been suspended in accordance with Section 6.01 with respect to any amount of the Grant for a continuous period of at least 30 calendar days.

Section 6.03. *Refunds of Grant Proceeds.* If at any time the Fund shall determine that any amount advanced to the Recipient pursuant to this Agreement: (i) was not required during any previous Project Year to cover eligible expenditures in accordance with the relevant AWPB; (ii) shall not be required to cover further payments for eligible expenditures in accordance with the relevant AWPB; or (iii) has not been used exclusively in accordance with the requirements of the Project or this Agreement, the Fund may deduct such amounts from any future advances to the Recipient, or the Recipient may be required, promptly upon notice from the Fund, to refund such amounts in the currency of payment.

Section 6.04. *Audits.* If the PMU does not timely furnish any audit report required by Section 5.03, and the Fund, after consultation with the Recipient, determines that the PMU is unlikely to do so within a reasonable period thereafter, the Fund may engage independent auditors of its choice to audit the accounts relating to the Project. For such purpose, the Recipient shall make its financial and other records available to such auditors promptly upon request, accord them full rights and privileges as agents of the Fund and otherwise cooperate fully with such audit. The Fund shall make the audit report available to the Lead Project Agency promptly upon its completion. The Recipient hereby authorizes the Fund to finance the cost of such audit by withdrawal from the GEF Grant Account on behalf of the Recipient.

Section 6.05. *Other Remedies.* The remedies of the Fund set forth in this Article are cumulative and shall not prejudice any other remedies, which the Fund would otherwise have under general principles of law. No failure or delay by the Fund in exercising its rights hereunder, or course of dealing, shall operate as a waiver thereof.

Section 6.06. *Dispute Settlement.* The Parties shall endeavour to settle by direct negotiation through amicable means any controversy between them in respect of the Grant Agreement. Failing the settlement of a controversy through amicable means, the controversy shall be

submitted to arbitration for settlement. To this end: (a) any dispute, controversy or claim arising out of or in connection with this Agreement or any breach thereof shall, unless it is settled by direct negotiation through amicable means, be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules as at present in force. Unless otherwise agreed, the number of arbitrators shall be three, the place of arbitration shall be Rome, Italy, the language to be used in the arbitral proceedings shall be the English language, and the arbitral Tribunal shall decide in accordance with the terms of this Agreement. The parties hereto agree to be bound by any arbitration award rendered in accordance with this provision as the final adjudication of any dispute; and (b) the resulting award shall be final and binding on the parties and shall be in lieu of any other remedy. Any dispute arising from this Agreement shall be governed by general principles of law, to the exclusion of any single national law.

ARTICLE VII

Effectiveness

Section 7.01. *Conditions Precedent to Effectiveness.* This Agreement shall become effective in accordance with Article XIII of the General Conditions (Effectiveness and Termination) subject to the fulfilment of the following conditions precedent:

- (a) this Agreement shall have been duly signed, and the signature and performance thereof by the Recipient shall have been duly authorized, certified and ratified as appropriate by all necessary administrative and governmental action; and
- (b) the GEF Grant Special Account shall have been duly opened in accordance with Section 2.03 (a).

ARTICLE VIII

Representations of the Recipient

The Recipient hereby makes the following representations and warranties to the Fund as of the date of each withdrawal from the GEF Grant Account:

Section 8.01. *Power and Authority.* The Recipient has the power and authority to execute and deliver this Agreement and discharge each of its obligations hereunder, and has taken all necessary corporate action to authorize such execution, delivery and discharge.

Section 8.02. *Status of this Agreement.* This Agreement has been duly executed and delivered on behalf of the Recipient and constitutes the legal, valid and binding obligation of the Recipient, enforceable in accordance with its terms.

Section 8.03. *No Agency or Liability.* Pursuant to this Agreement, the Recipient shall undertake the Project on its own behalf and has the exclusive responsibility for its execution; it is understood that the provision of the Grant by the Fund shall in no way be construed as appointing the Recipient or any other person or institution involved in the Project as the agent or representative of the Fund; and the Fund shall not be liable for, and the Recipient shall hold the Fund harmless against, any claim for loss or damage arising in connection with the Project.

Section 8.04. *No Violation.* Neither the execution, delivery or performance of this Agreement by the Recipient, nor compliance with the terms and conditions hereof, shall contravene any applicable law, regulation, court order or other legal norm to which the Recipient is subject; shall

conflict or be inconsistent with, or result in the breach of, any agreement or understanding to which the Recipient is a party; or shall violate the constitutional documents of the Recipient.

ARTICLE IX

Miscellaneous

Section 9.01. *Representatives.* The Bac Kan Provincial People's Committee is designated as representative of the Recipient for any implementation purposes hereof, including monitoring of the compliance with the conditions of this Agreement.

Section 9.02. *Addresses.* The following addresses are specified for all notices, requests and other communications given or made under this Agreement:

For the Recipient:

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

Facsimile Number(s): + 84422 08129

For the Provincial People's Committee of Bac Kan:

Phung Chi Kien Ward
Bac Kan Town
Socialist Republic of Viet Nam

Facsimile Number: + 84281 3871751

For the Fund:

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

Facsimile Number: + (39) 06 504 3463

Section 9.03. *Correspondence.* (a) All notices, requests, reports, documents and other information and communications relating to this Agreement shall be in writing in the English language.

(b) The Recipient shall address all documents and communications relating to this Agreement to the Fund.

Section 9.04. *Amendments.* Except as otherwise expressly provided, this Agreement may only be amended or otherwise modified in writing and signed by both parties.

Section 9.05. *Termination.* This Agreement shall terminate upon the earlier of (i) mutual agreement by the parties, or (ii) the complete and indefeasible performance by the parties of their respective obligations hereunder. The obligations assumed by the parties under this Agreement shall survive the termination of the Agreement to the extent necessary to permit the orderly conclusion of the activities, the withdrawal of personnel, funds and property, the settlement of accounts between the parties thereto and the settlement of contractual liabilities that are required in respect of any personnel, subcontractors, consultants or suppliers.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have signed this Agreement as of the date first above written.

SOCIALIST REPUBLIC OF VIET NAM



TRẦN XUÂN HÀ

Authorized Representative

INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT



President

09572052

SCHEDULE 1

Project Description

1. *Project Area.* The Project shall be implemented in the three districts of Pac Nam, Ba Be and Na Ri in the Bac Kan Province of the Recipient's territory (the "Project Area").
2. *Target Group.* The Project shall benefit a population of approximately one hundred and seventeen thousand eight hundred and seven (117 807) rural poor upland people, especially female farmers.
3. *Goal.* The goal of the Project is to mainly focus on assessment, capacity building and pilot testing of Sustainable Land Management/Sustainable Forest Management (SLM/SFM) and the Payment for Environmental Services (PES) options.
4. *Project Components.* The Project consists of the following three components: (a) the Sustainable and Equitable Forest Land Management Component; (b) the Innovative Environmental Opportunities Component; (c) the Project Management Component.

Component I - The Sustainable and Equitable Forest Land Management Component. Under this component the Project shall complement the land use planning activities of 3PAD by identifying areas of importance for biodiversity and watershed protection. This shall be achieved through implementation of the relevant activities under the Integrating Ecosystem Conservation into forest and land use planning sub-component.

Component II - The Innovative Environmental Opportunities Component. Under this component the Project shall develop socially, environmentally and economically sustainable sloping land conservation and protection systems. This component shall comprise three sub-components: (i) forage and sustainable land and forest management; (ii) payment for ecosystem services; and (iii) pro-poor ecotourism development.

Component III - The Project Management Component. Under this component, the GEF funds shall be used to support regular monitoring of the Project in order to meet environmental targets and securing global environmental benefits. Specific activities under this component shall include providing the following: (i) technical support by the Monitoring and Evaluation Expert; (ii) technical support by the Environment Protection Officer; (iii) environmental training for Project staff/partnerships; (iv) environmental monitoring; and (v) Project management and reporting.

SCHEDULE 2

*Allocation and Withdrawal
of Grant Proceeds*

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

Category	Grant Amount Allocated (expressed in USD)	Percentage
I. Technical Assistance, Training and Studies	377 200	100% net of taxes
II. Contracted Technical Services	145 100	100% net of taxes
III. Vehicles, Goods and Equipment	70 000	100% net of taxes
IV. Salaries	15 200	100% net of taxes
V. Operations and Maintenance	47 045	100% net of taxes
TOTAL	654 545	

2. The Fund may adjust the foregoing Table as it may deem necessary to enable it to exercise its rights under Section 6.04. The Fund shall notify the Recipient of such adjustment, and such notice shall be deemed, *ipso facto*, to modify this Agreement.

3. *Certain Definitions and Clarifications.* For purposes of this Schedule, the terms and meanings are as described in paragraph 2, Schedule 2 of the 3PAD;

4. *Minimum Withdrawal Amounts.* Withdrawals from the GEF Grant Special Account shall be made in amounts no less than USD 20 000 or its equivalent, or such other amount as the Fund may designate from time to time.

5. *Statements of Expenditure.* Withdrawals from the GEF Grant Special Account may be made against certified statements of expenditure (Schedule 7). The threshold for all expenditure items under the SOE procedure shall be consistent with that of the 3PAD. The records evidencing such expenditures need not be submitted to the Fund, but shall be retained by the Recipient for inspection by the representatives of the Fund, in accordance with Sections 4.07 (Statements of Expenditure) and 10.03 (Visits, Inspections and Enquiries) of the General Conditions.

6. *Conditions Precedent to Withdrawals.* No withdrawals shall be made from the GEF Grant Special Account until:

- (a) The GEF Project Account shall have been duly opened in accordance with Section 2.03(b); and
- (b) The AWPB for PY1, including a Procurement Plan for the first 18 month' period, shall have been adopted by the PPC in accordance with Section 3.02 (c).

SCHEDULE 3

Project Implementation

1. *Lead Project Agency.* The Lead Project Agency shall be the PPC and shall have the following responsibilities: (i) recruiting/appointing Project staff; (ii) ensuring timely provision of counterpart funds; and (iii) issuing guidelines and decisions for effective implementation of the Project.

2. *Project Steering Committee (PSC).* (a) The PSC shall assist the Lead Project Agency in its responsibilities and shall be composed of the following in Project Implementation: (i) provincial departments; (ii) the provincial Women's Union chairpersons; (iii) the Farmer's Association chairpersons; and (iv) the chairpersons of the Project Districts, or their deputies. The PSC shall be chaired by the vice chairperson of the Lead Project Agency.

(b) The PSC shall have the following responsibilities:

- (i) ensuring coordination between the Project and other externally/internally financed projects/programmes;
- (ii) ensuring efficient use of Project financial and human resources;
- (iii) providing supporting policy framework and guidelines to the Project Management Unit (PMU);
- (iv) soliciting/proposing Project supportive policy mechanisms to the Lead Project Agency for simplification of regulations;
- (v) reviewing and endorsing the AWPBs for the Project;
- (vi) interfacing between PMU and the Lead Project Agency on matters of policy formulation, revision and implementation with a view to ensuring effective implementation of the Project;
- (vii) ensuring effective cooperation and coordination between the implementing agencies of the Project in the Project Area and instilling a system of accountability for performance and proper use of resources at all levels;
- (viii) reviewing Project progress reports and ensuring timely corrective action on management and implementation issues; and
- (ix) ensuring the development and submission of annual reports to the Provincial Department of Agriculture and Rural Development (DARD) and Provincial Department of Finance (DOF) to enhance the coordinating role of the Ministries of Agriculture and Rural Development (MARD) and Finance (MOF) for all initiatives within Country Partnership Programme for Sustainable Forest Land Management.

3. *Project Management Unit (PMU).* (a) The PMU shall assist the Lead Project Agency in its responsibilities and shall report to the PSC.

(b) The PMU shall have the following responsibilities, *inter alia*:

- (i) proposing Project supportive policy mechanisms to the PSC;
- (ii) preparing the consolidate AWPBs described in Section 3.02;
- (iii) ensuring effective coordination of Project activities at all levels;
- (iv) ensuring effective coordination and information sharing with other donor-funded projects/programmes;
- (v) carrying out procurement in accordance with this Agreement;
- (vi) preparing terms of reference for, advertising and recruitment of staff;
- (vii) preparing financial statements and ensuring sound financial management;
- (viii) selecting and appointing auditors;

- (ix) preparing terms of reference for technical assistance and recruitment and supervision of technical assistance by both firms and individuals;
- (x) preparing and submitting withdrawal applications from the Special Account, and ensuring adequacy and timely release of funds under the Project;
- (xi) compliance with reporting, monitoring and administration requirements set forth in this Agreement;
- (xii) maintaining the relevant Project Account;
- (xiii) preparing and submitting the relevant Project's progress reports in accordance with this Agreement;
- (xiv) establishing and implementing a monitoring and evaluation system at Project Commune, Project District and Project Province level and providing the results to the PSC; and
- (xv) establishing and implementing a proper participatory evaluation and impact assessment regime.

4. *Implementation of Project Components. Mutatis mutandis*, the Project shall employ the same institutional arrangements established by the 3PAD for management and implementation, and shall collaborate with the Ministry for Agriculture and Rural Development (MARD) at the national level under the umbrella of Country Partnership Programme for Sustainable Forest Land Management (CPPFSFLM).

4.1. Component I (Sustainable and Equitable Forest Land Management). Sub-component I (Integrating Ecosystem Conservation into Forest and Land Use Planning). Under this subcomponent the following staff shall be recruited pursuant to a transparent and competitive process: (i) an international consultant on forest land use planner; and (ii) a National consultant on forest land use planner.

4.2. Component II (Innovative Environmental Opportunities)

(a) Sub-component I (Forage/Sustainable Land/ Forest Management). Under this sub-component the following staff shall be recruited pursuant to a transparent and competitive process: (i) an international consultant on forage-based hillside conservation farming systems/Sustainable Land Management/ Sustainable Forest Management (SFM/SLM) specialist; and (ii) a National consultant on forage systems specialist.

(b) Sub-component II (Payment for Ecosystem Services). Under this sub-component the following staff shall be recruited pursuant to a transparent and competitive process: an international consultant for ecotourism consultant.

(c) Sub-component III (Pro-poor Ecotourism Development). Under this sub-component the following staff shall be recruited pursuant to a transparent and competitive process: an international ecotourism specialist.

4.3. Component III (Project Management). Under this component the following staff shall be recruited pursuant to a transparent and competitive process: (i) a Monitoring and Evaluation Expert; and (ii) an Environmental Protection Officer.

SCHEDULE 3A

Additional Covenants of the Recipient

1. The Recipient shall ensure that the GEF-financed activities shall be implemented within the framework of the agreed objectives, approaches and strategy of the 3PAD, and shall ensure compliance, among others, with the provisions of Schedule 3, II (Additional Covenants) of the 3PAD.

SCHEDULE 4

Procurement

1. All procurement financed by the proceeds of the Grant shall be carried out in accordance with Schedule 4 (Procurement) to the 3PAD.

SCHEDULE 5

WITHDRAWAL APPLICATION FORM

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

Attention: Loans and Grants Unit - Financial Services Division

Reference: Grant Agreement No.

- 1. Application No. _____.
- 2. Please pay (currency) _____ (amount)
_____.
- 3. This instalment is related to the Project Period from _____ to _____.
- 4. We hereby apply for this withdrawal of the Grant Agreement, and hereby certify and agree that the goods, works and services covered by this application are required and shall be used exclusively for the purposes of this Agreement dated _____.

5. Please make payment to:

BANK NAME AND ADDRESS: _____

ACCOUNT NUMBER: _____

PAYEE NAME AND ADDRESS: _____

CORRESPONDENT BANK: NAME: _____
(in country of the ADDRESS: _____
currency of payment) _____

Authorized Representative: _____
Signature: _____
Name and Title: _____
Date: _____

SCHEDULE 6

AUTHORIZATION FORM

Loans and Grants Unit – Financial Services Division
 International Fund for Agricultural Development (IFAD)
 Via Paolo di Dono, 44
 00142 Rome, Italy

Date : _____

Dear Sirs,

Ref: Grant Agreement No.
Project Title

With reference to Section 2.02 (c) of the Grant Agreement dated _____, the following person(s) whose specimen signature(s) appear(s) below is/are authorized to sign applications for withdrawal under this Grant Agreement.

- | | | |
|----|----------------|--------------------|
| 1. | Name and Title | Specimen Signature |
| 2. | Name and Title | Specimen Signature |

All previous notices providing signatures of officials authorized to sign application for withdrawal under this Grant Agreement are hereby revoked.

Yours sincerely,

 (Authorized Representative)

SCHEDULE 7

STATEMENT OF EXPENDITURE

Name of Recipient:
Grant Agreement No.
Name of Project:

Reporting Project Period from _____ to _____
in _____ (Currency)

Category of Expenditures		Cumulative Amount of Advance Received	Actual Amount of Expenditure during the Reporting Period	Actual Cumulative Amount of Expenditure	Net Cash Position
Description	% of Eligible Expenditure				
(1)	(2)	(3)	(4)	(5)	(6) = (3) - (5)

The undersigned hereby certifies that the above amounts have been paid for the proper execution of the activities supported by the Grant Agreement in accordance with the terms and conditions of the Grant Agreement in respect of the Project in reference. All documentation authenticating these expenditures has been retained by the Recipient and shall be made available for examination in the course of the audit of the independent Auditor and the periodic review by visiting missions of the Fund.

Certified by: _____
Name and Title: _____
Date: _____

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

GENERAL CONDITIONS
FOR
AGRICULTURAL DEVELOPMENT
FINANCING

Dated 2 December 1998





GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

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GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

GENERAL CONDITIONS FOR AGRICULTURAL
DEVELOPMENT FINANCING*2 December 1998*

WHEREAS, the World Food Conference resolved that the International Fund for Agricultural Development (the "Fund") should be established to finance agricultural development projects and programmes in the developing countries; and

WHEREAS, the Agreement Establishing the International Fund for Agricultural Development (IFAD) provides that its objective shall be to mobilise additional resources to be made available for agricultural development in developing Member States; and

WHEREAS, said Agreement further provides that, in fulfilling its objective, the Fund shall provide financing for agricultural development projects and programmes in the form of loans and grants on such terms and conditions as the Fund deems appropriate; and

WHEREAS, the Executive Board of the Fund, at its Sixty-Fifth Session, approved and adopted these General Conditions for application as from its Sixty-Sixth Session;

NOW, THEREFORE, be it known that:

ARTICLE I

APPLICATION

SECTION 1.01. *Application of General Conditions.*

These General Conditions set forth certain terms and conditions generally applicable to agricultural development financing by the Fund. They apply to the Loan Agreement and any other Loan Document (as such terms are hereinafter defined), if and to the extent such Loan Document expressly so provides.

SECTION 1.02. *Inconsistency with Loan Documents.*

If any provision of the Loan Agreement or any other Loan Document is inconsistent with a provision of these General Conditions, the provision of such Loan Document shall govern.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE II

DEFINITIONS

SECTION 2.01. *General Definitions.*

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

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

"Cooperating Institution" means the institution designated as such in the Loan Agreement responsible for the administration of the Loan and the supervision of the implementation of the Project.

"Cooperation Agreement" means the agreement or agreements between the Fund and the Cooperating Institution (including, but not limited to, any letter of appointment) by which the Cooperating Institution agrees to act as such with respect to the Loan and the Project.

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

"Effective Date" means the date on which the Loan Agreement and any other Loan Document to which the Fund is party becomes effective provided in Section 13.02(a).

"Eligible Expenditure" means an expenditure that complies with Section 4.10.

"external debt" means any debt payable in a currency other than the currency of the Project Member State.

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

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

"Fund" means the International Fund for Agricultural Development.

"Guarantee Agreement" means any agreement between a Member State and the Fund by which such Member State guarantees the performance of the Loan Agreement or any other Loan Document, as such agreement may be amended or otherwise modified from time to time. The term "Guarantee Agreement" includes these General Conditions, to the extent applied thereto, and all schedules, annexes and agreements supplemental to the Guarantee Agreement.

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

"Lead Project Agency" means the entity or entities designated as such in the Loan Agreement with overall responsibility for the implementation of the Project.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

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

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

"Loan Agreement" means the particular project loan agreement, programme loan agreement or other agreement pursuant to which the Fund has agreed to extend a Loan to the Borrower, and to which these General Conditions have been made applicable, as such agreement may be amended or otherwise modified from time to time. The term "Loan Agreement" includes these General Conditions to the extent applied thereto, and all schedules, annexes and agreements supplemental thereto.

"Loan Closing Date" means the date specified in the Loan Agreement as the date on which the right of the Borrower to request withdrawals from the Loan Account ends.

"Loan Document" means the Loan Agreement, Project Agreement, Guarantee Agreement and other agreement or document entered into by the Fund and any Loan Party or Project Party in connection with the Loan or the Project, as the same may be amended or otherwise modified from time to time. The term "Loan Document" includes these General Conditions to the extent applied thereto, and all schedules, annexes and agreements supplemental thereto.

"Loan Party" means each entity responsible, in whole or in part, directly or indirectly, for Loan Service Payments. The term "Loan Party", as applied to any unguaranteed Loan, includes the Borrower and, as applied to any guaranteed Loan, the Borrower and the Guarantor.

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

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

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

"outstanding" means, in respect of the principal amount of the Loan, the aggregate amount withdrawn from the Loan Account upon request of the Borrower, or by the Fund on behalf of the Borrower, less any previous repayments, prepayments or refunds thereof.

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

"Project Agreement" means any agreement between the Fund and any Project Party relating to the implementation of all or any part of the Project, as such agreement may be amended or otherwise modified from time to time. The term "Project Agreement" includes these General Conditions to the extent applied thereto, and all schedules, annexes and agreements supplemental thereto.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

“Project Completion Date” means the date specified in the Loan Agreement on which the implementation of the Project is to be completed.

“Project Implementation Period” means the period beginning on the Effective Date and ending on the Project Completion Date, during which the Project is to be carried out.

“Project Member State” means the Member State in which the Project is carried out. The term “Project Member State” normally applies to the Borrower in unguaranteed Loans and the Guarantor in guaranteed Loans.

“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 the Loan Documents.

“Special Account” means the account of the Borrower referred to in Section 4.08 for financing the Project.

“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.

“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.

“Subsidiary Agreement” means any agreement or arrangement (other than the Project Agreement) by which (i) the whole or part of the proceeds of the Loan are made available to any Project Party and/or (ii) any Project Party that undertakes to carry out the Project, in whole or in part, in either case as such agreement or arrangement may be amended or otherwise modified from time to time. The term “Subsidiary Agreement” includes (but is not limited to) any agreement or arrangement designated as such in the Loan Documents.

“Taxes” means all imposts, levies, fees, tariffs and duties of any kind imposed, levied, collected, withheld or assessed by or in the territory of any Member State at any time, including (but not limited to) value added, sales, income, property, mortgage, import and stamp taxes, but excluding tax on the overall income of Project employees who are nationals of the Project Member State.

“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.

SECTION 2.02. *Certain Definitions Applicable to Grants.*

If the Project is financed wholly or partially by a grant made by the Fund, the following terms have the following meanings whenever used in these General Conditions, if appropriate and as the context may require:



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

"Borrower" also includes the party designated as the "Recipient" in any grant agreement.

"Grant" means any grant extended to the Borrower pursuant to the Loan Agreement.

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

"Loan" also includes any Grant made by the Fund.

"Loan Account" also includes any Grant Account opened by the Fund in connection with the Project.

"Loan Agreement" also includes any grant agreement, financing agreement or other agreement that provides for financing by the Fund wholly or partially on a grant basis.

"Loan Party" also includes the party designated as the "Recipient" in any grant agreement.

SECTION 2.03. *Use of terms.*

As used in these General Conditions and the Loan Documents, 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 2.04. *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 the convenience of reference only and do not form an integral part of these General Conditions.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE III

THE COOPERATING INSTITUTION

SECTION 3.01. *Appointment of the Cooperating Institution.*

The Fund shall appoint a suitable and competent institution acceptable to the Loan Parties to administer the Loan and supervise the Project. If for any reason a change of the Cooperating Institution becomes necessary, such a change shall be made by agreement between the Loan Parties and the Fund.

SECTION 3.02. *Responsibilities of the Cooperating Institution.*

The Cooperating Institution shall be responsible for:

- (a) facilitating Project implementation by assisting the Loan Parties and the Project Parties in interpreting and complying with the Loan Documents;
- (b) reviewing the Borrower's withdrawal applications to determine the amounts which the Borrower is entitled to withdraw from the Loan Account;
- (c) reviewing and approving the procurement of goods, civil works and services for the Project financed by the Loan;
- (d) monitoring compliance with the Loan Documents, 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 Loan and supervise the Project as may be set forth in the Cooperation Agreement.

SECTION 3.03. *Cooperation Agreement.*

The Fund shall enter into a Cooperation Agreement with the Cooperating Institution setting forth the terms and conditions of its appointment. In the event that any term of the Cooperation Agreement conflicts with Section 3.02, the terms of the Cooperation Agreement shall govern. The Fund or the Cooperating Institution shall furnish the Loan Parties with a copy of the Cooperation Agreement as soon as practicable after signature thereof, but failure to do so shall not impair or excuse the obligations of the Loan Parties or the Project Parties in respect of the Cooperating Institution under the Loan Documents.

SECTION 3.04. *Actions by the Cooperating Institution.*

Any action by the Cooperating Institution in accordance with the Cooperation Agreement shall be regarded and treated by the Loan Parties and the Project Parties as an action taken by the Fund.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

SECTION 3.05. *Cooperation by the Loan Parties and the Project Parties.*

The Loan Parties and the Project Parties shall take all necessary or appropriate steps to enable the Cooperating Institution to carry out its responsibilities smoothly and effectively.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE IV

LOAN ACCOUNT AND WITHDRAWALS

SECTION 4.01. *Loan and Grant Accounts.*

The Fund shall credit the principal amount of the Loan to the Loan Account and the amount of any Grant to the Grant Account.

SECTION 4.02. *Withdrawals from the Loan Account.*

The Borrower may from time to time request withdrawals from the Loan Account of amounts paid or amounts to be paid for Eligible Expenditures. The Loan Agreement may specify minimum amounts for withdrawals, in which case the Borrower shall finance Eligible Expenditures less than such minimum amounts by using the Special Account or its own resources.

SECTION 4.03. *Special Commitments by the Fund.*

Upon the Borrower's request, the Fund may make special commitments to pay amounts in respect of Eligible Expenditures, notwithstanding any subsequent suspension of the Borrower's right to request withdrawals, on such terms and conditions as the Borrower and the Fund may agree.

SECTION 4.04. *Applications for Withdrawal or Special Commitment.*

- (a) When the Borrower wishes to request a withdrawal from the Loan Account or a special commitment, the Borrower shall deliver, by hand or mail, to the Cooperating Institution (with a copy to the Fund) an application in such form and substance as the Cooperating Institution shall reasonably request.
- (b) The Borrower shall furnish to the Fund and the Cooperating Institution evidence, satisfactory to the Cooperating Institution, of the authority of the person or persons authorised to sign such applications and the authenticated specimen signature of each such person.
- (c) The Borrower shall also deliver to the Cooperating Institution such documents and other evidence in support of such applications as the Cooperating Institution shall reasonably request, whether before or after the Cooperating Institution shall have permitted any withdrawal or special commitment requested in the application.
- (d) Each such application, and the accompanying documents and other evidence, shall be sufficient in form and substance to satisfy the Cooperating Institution that the Borrower is entitled to a withdrawal from the Loan Account of the amount applied for, and that such amount will be used only for Eligible Expenditures.
- (e) No such application shall be honoured if received by the Cooperating Institution before the Effective Date or after the Loan Closing Date.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

(f) After receiving an application complying with this Section 4.04, the Cooperating Institution shall issue a payment request to the Fund for the amount which the Cooperating Institution has determined that the Borrower is entitled to withdraw.

SECTION 4.05. *Payment by the Fund.*

Upon receipt of an authenticated payment request from the Cooperating Institution, the Fund shall pay to, or to the order of, the Borrower the amount which the Fund has determined that the Borrower is entitled to withdraw.

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 chosen by the Fund for the purpose of disbursing such withdrawal.

SECTION 4.07. *Statements of Expenditure.*

(a) The Loan Agreement may provide that the Borrower may request withdrawals from the Loan Account on the basis of statements of expenditure. To the extent that the Borrower does so, the Borrower (or its designee approved by the Fund) shall retain all records evidencing such expenditures until ten years after the Loan Closing Date.

(b) If the Fund, any auditors of the Project, or the Cooperating Institution determine that any amount so withdrawn was not used for the purposes indicated in the relevant statement of expenditure, the Borrower shall promptly refund such amount to the Fund upon instructions 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 Account by the SDR Equivalent of the amount so refunded.

SECTION 4.08. *Special Account.*

(a) The Loan Agreement may provide that the Borrower open and maintain a Special Account for financing all or a part of the Project, and that the Fund make one or more withdrawals from the Loan Account on behalf of the Borrower in an aggregate amount specified as the Authorized Allocation and deposit such amount in the Special Account.

(b) The Borrower shall make payments out of the Special Account exclusively for Eligible Expenditures.

(c) The Borrower may from time to time request replenishment of the Special Account for payments made out thereof. The Fund may designate minimum amounts for replenishments, which may be expressed as a percentage of the Authorized Allocation. Prior to or at the time of such request, the Borrower shall furnish to the Cooperating Institution such evidence as the Cooperating Institution shall reasonably request showing that such payments were made for Eligible Expenditures and the respective amounts and categories thereof.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

(d) After receiving such request and evidence, the Cooperating Institution shall issue a payment request to the Fund for the amount which the Cooperating Institution has determined that the Borrower is entitled for replenishment.

(e) Based on such request, the Fund on behalf of the Borrower shall withdraw from the Loan Account and deposit into the Special Account the amount which the Fund determines that the Borrower is entitled for replenishment. The Fund shall debit the respective categories of Eligible Expenditure in the respective amounts indicated in the evidence furnished by the Borrower.

(f) The Fund shall make no further deposit into the Special Account when:

- (i) the balance of the Loan Account, *less* any outstanding special commitment under Section 4.03, equals the SDR Equivalent of twice the Authorised Allocation;
- (ii) the Borrower has failed to furnish in a timely manner the audit reports required by Section 9.03(b);
- (iii) the Fund has notified the Borrower under Section 12.01 that its right to request withdrawals from the Loan Account has been suspended; or
- (iv) the Fund determines that all further withdrawals shall be made directly from the Loan Account.

(g) If at any time the Fund determines that any payment out of the Special Account, or any portion thereof, was not made in accordance with this Section, the Borrower shall, promptly upon notice from the Fund, deposit into the Special Account or, if the Fund so requests, refund to the Fund an amount equal to the amount of such payment or such portion thereof. The Fund shall make no further deposit into the Special Account until the Borrower has made such deposit or refund.

(h) If at any time the Fund determines that the balance of the Special Account is no longer required or permitted to finance payments for Eligible Expenditures, the Fund may give notice thereof to the Borrower. The Borrower shall refund to the Fund such balance within 30 days after such notice. Upon receipt thereof, the Fund shall credit the Loan Account in the amount of such refund. Except as the Fund shall otherwise agree, such refund shall be made in the currency used by the Fund for the purpose of withdrawals from the Loan Account.

SECTION 4.09. *Allocations and Reallocations of Loan Proceeds.*

(a) The Loan Documents may allocate the principal amount of the Loan to categories of Eligible Expenditures and specify the percentages of such Eligible Expenditures to be financed by the Loan.

(b) If, upon request by the Borrower, the Fund reasonably estimates that the principal amount of the Loan allocated in the Loan Documents to any category of Eligible Expenditures will be insufficient to finance such Eligible Expenditures, the Fund may, by notice to the Borrower:



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

- (i) reallocate to such category amounts of the Loan allocated to another category not needed to meet other Eligible Expenditures, to the extent required to meet the estimated shortfall; and
 - (ii) if such reallocation will not fully meet the estimated shortfall, reduce the percentage of such Eligible Expenditures to be financed by the Loan.
- (c) In furtherance of its policy set forth in Article XI, the Fund may, by notice to the Borrower, increase or decrease the percentage of such Eligible Expenditures to be financed by the Loan to avoid the use of Loan proceeds to pay Taxes.

SECTION 4.10. *Eligible Expenditures.*

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

- (i) The expenditure shall meet the reasonable cost (excluding Taxes) of goods, works and services required for the Project and to be financed by the Loan supplied from the territory of a Member State and procured in accordance with the procedures specified in the Loan Documents.
- (ii) The expenditure shall be incurred during the Project Implementation Period, except that:
 - (A) expenditures to meet the costs of starting up the Project or fulfilling the conditions precedent to effectiveness of any Loan Document may be incurred before the Effective Date but after the date of the Loan Agreement; and
 - (B) expenditures to meet the costs of winding up the Project may be incurred after the Project Completion Date and before the Loan Closing Date.
- (iii) The expenditure shall be incurred by a Project Party in a Member State.
- (iv) The expenditure shall be incurred in accordance with the Loan Documents.

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

(c) Any payment to persons or entities, or for any import of goods, if such payment or import is 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 Loan.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE V

LOAN SERVICE PAYMENTS

SECTION 5.01. *Interest and Other Charges.*

(a) The Borrower shall pay any interest, service charge and other charges on the principal amount of the Loan outstanding from time to time at the rate specified in the Loan Agreement. Such interest and other charges shall accrue from the respective value dates on which amounts are deemed withdrawn from the Loan Account until the respective value dates on which amounts are deemed repaid, prepaid or refunded.

(b) Interest and other charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(c) If the rate specified in the Loan Agreement is variable, the Fund shall notify the Borrower, as soon as practicable, of the interest rate charged on the Loan in each interest period.

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 by the Borrower, or by the Fund on its behalf, in instalments as specified in the Loan Agreement.

(b) The Borrower shall have the right to prepay all or any part of the principal amount of the Loan, as specified by the Borrower upon 45 days' notice to the Fund, provided that the Borrower pays all accrued and unpaid interest and other charges on the prepayment date. All prepayments shall be credited against the remaining Loan instalments in such manner as the Borrower and the Fund shall agree.

SECTION 5.03. *Manner and Place of Payment.*

(a) The Borrower shall make all Loan Service Payments in accordance with applicable laws, *provided, however,* that all Loan Service Payments shall be made without currency or other restrictions of any kind imposed by, or in the territory of, the Project Member State.

(b) All Loan Service Payments shall be paid to such account or accounts in such bank or other financial institution as the Fund may designate from time to time.

SECTION 5.04. *Values 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 designated therefor.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE VI

CURRENCY PROVISIONS

SECTION 6.01. *Denomination of the Loan.*

The principal amount of the Loan shall be expressed in Special Drawing Rights.

SECTION 6.02. *Currencies for Withdrawals.*

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

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

SECTION 6.03. *Loan Service Payment Currency.*

All Loan Service Payments shall be made in the Loan Service Payment Currency specified in the Loan 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 its sole discretion.

SECTION 6.04. *Valuation of Currencies.*

Whenever it is necessary for the purposes of any Loan Document to determine the value of one currency in terms of another, the Fund or the Cooperating Institution shall determine such value based on reasonable criteria. For purposes of this Section, the term "currency" includes the SDR.

SECTION 6.05. *Discontinuance of SDR as Loan Medium.*

In the event that the nature or composition of the SDR changes so as to make its continued use as a loan medium inappropriate in the view of the Fund, the Fund shall convert the principal amount of the Loan, and all other amounts expressed in SDR, into such other currency or unit of account as the Fund deems appropriate. The Fund shall promptly notify the Borrower of any such conversion. Such notice shall be deemed *ipso facto* to modify the Loan Documents accordingly.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE VII

IMPLEMENTATION OF THE PROJECT

SECTION 7.01. *Project Implementation.*

The Lead Project Agency and each of the other Project Parties shall carry out the Project:

- (a) with due diligence and efficiency;
- (b) in conformity with appropriate administrative, engineering, financial, economic, operational, environmental and agricultural development practices (including rural development practices) and good governance;
- (c) in accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower and the Cooperating Institution;
- (d) in accordance with the provisions of the Loan Agreement, any Project Agreement and any other Loan Document; and
- (e) so as to ensure the sustainability of its achievements over time.

SECTION 7.02. *Availability of Loan Proceeds.*

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

SECTION 7.03. *Availability of Additional Funds.*

In addition to the proceeds of the Loan, the Borrower shall make available to the Project Parties such funds, facilities, services and other resources as may be required from time to time to carry out the Project in accordance with Section 7.01.

SECTION 7.04. *Coordination of Activities.*

In order to ensure that the Project is carried out in accordance with Section 7.01, each Loan Party 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.*

All goods, civil works and services financed by the Loan shall be procured and engaged in accordance with the procedures specified in the Loan Agreement.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

SECTION 7.06. Use of Goods and Services.

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

SECTION 7.07. Maintenance.

Each Project Party shall at all times operate, maintain, repair and replace all facilities and civil works used in connection with the Project with due diligence as required to carry out the Project in accordance with Section 7.01.

SECTION 7.08. Insurance.

(a) The Borrower 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 or the Lead Project Agency shall insure the goods imported for the Project and to be financed by the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation. For such insurance, any indemnity shall be payable in a freely usable currency to replace or repair such goods.

SECTION 7.09. Subsidiary Agreements.

(a) No Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Loan Agreement or the Project Agreement.

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

(c) No provision of any such Subsidiary Agreement shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund.

(d) The Borrower shall bear any foreign exchange risk under any Subsidiary Agreement to which it is party, unless such Subsidiary Agreement otherwise expressly provides.

SECTION 7.10. Performance of the Project Agreement.

The Loan Parties shall take all necessary or appropriate action within their powers to enable and assist the Lead Project Agency and any other relevant Project Party to perform its obligations under the Project Agreement. The Loan Parties shall forebear from, and shall not permit any third party to take, any action that would interfere with such performance.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

SECTION 7.11. *Key Project Personnel.*

The Borrower or the Lead Project Agency shall appoint the Project Director and all other key Project personnel in the manner specified in the Loan Documents or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Loan Documents or otherwise approved by the Fund. The Borrower shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period.

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 its assets.

SECTION 7.13. *Allocation of Project Resources.*

The Loan Parties 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. *Land Acquisition.*

The Loan Parties and the Project Parties shall take all such action as shall be necessary or appropriate to acquire, as and when needed, all such land and land rights as shall be required for carrying out the Project and shall furnish to the Fund, promptly upon its request or upon such acquisition, evidence satisfactory to the Fund that such land and land rights are available for Project-related purposes. In carrying out such acquisitions, the Loan Parties and the Project Parties shall observe all applicable national laws.

SECTION 7.15. *Environmental Factors.*

The Loan Parties 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.



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SECTION 7.16. *Relending Rates.*

During the Project Implementation Period, the Project Member State and the Fund shall periodically review the interest rates applicable to any credits extended to Project beneficiaries which are financed (directly or indirectly) by the Loan. These reviews shall be conducted jointly with the objective of reaching or maintaining positive interest rates over time. The Project Member State shall take any appropriate measures, consistent with its policies and the Fund's policies, to achieve that objective. Among such measures, the Borrower 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 7.17. *Use of the Name and Insignia of the Fund.*

To the fullest extent practicable, all Project facilities and vehicles shall bear the name and insignia of the Fund and otherwise identify the Project as being financed by the Fund. Publications by any Loan Party or Project Party concerning the Project shall mention the Fund and its contribution to the Project.

SECTION 7.18. *Project Completion.*

The Project Parties shall complete the implementation of the Project by the Project Completion Date.



ARTICLE VIII

IMPLEMENTATION REPORTING AND INFORMATION

SECTION 8.01. *Implementation Records.*

The Project Parties shall 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 years thereafter.

SECTION 8.02. *Monitoring of Project Implementation.*

The Project Party so designated in the Loan Documents shall:

- (a) during the Project Implementation Period, gather all data and other relevant information (including any and all information specified in the Loan Documents or requested by the Fund from time to time) necessary to monitor the progress of the implementation of the Project and the achievement of its objectives; and
- (b) during the Project Implementation Period and for at least ten 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 Reports.*

The Project Party so designated in the Loan Documents shall furnish to the Fund and the Cooperating Institution progress reports on the Project at such intervals during the Project Implementation Period as shall be specified in the Loan Documents, in such form and substance as may be specified in the Loan Documents or as the Fund or the Cooperating Institution shall reasonably request from time to time. 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.

SECTION 8.04. *Completion Report.*

As promptly as possible after the Project Completion Date but in any event no later than the date specified in the Loan Documents, the Project Party so designated in the Loan Documents shall furnish to the Fund and the Cooperating Institution a report on the overall implementation of the Project, in such form and substance as may be specified in the Loan Documents or as the Fund or the Cooperating Institution 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 Loan Parties, the Project Parties, the Cooperating Institution and the Fund of their respective obligations under the Loan Documents, and (iv) lessons learned from the foregoing.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

SECTION 8.05. *Plans and Schedules.*

The Project Parties shall furnish to the Cooperating Institution promptly upon their preparation, and to the Fund promptly upon its request, 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 Loan Parties and the Project Parties shall promptly furnish to the Fund and the Cooperating Institution such other reports and information as the Cooperating Institution or the Fund shall reasonably request on any matter relating to the Project or any Project Party.
- (b) The Loan Parties and the Project Parties shall promptly inform the Fund and the Cooperating Institution of any condition that interferes with, or threatens to interfere with, the implementation of the Project or the achievement of its objectives.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

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 Loan Closing Date, and shall retain such accounts and records for at least ten years thereafter.

SECTION 9.02. *Financial Statements.*

The Project Party so designated in the Loan Documents shall deliver to the Fund and the Cooperating Institution detailed financial statements of the operations, resources and expenditures related to the Project at such intervals as may be specified in the Loan Documents.

SECTION 9.03. *Audit of Accounts.*

The Project Party so designated in the Loan Documents shall:

- (a) each Fiscal Year, have the accounts relating to the Project (including the Special Account and statements of expenditure) audited in accordance with appropriate auditing principles consistently applied by independent auditors specified in the Loan Documents.
- (b) as soon as available after the end of each Fiscal Year but in any event not later than the date specified in the Loan Documents, furnish to the Fund and the Cooperating Institution a certified copy of the audit report. In addition to verifying Project accounts, the report shall address the adequacy of accounting and internal control systems to monitor expenditures and other financial transactions and ensure safe custody of Project assets, the adequacy of documentation maintained by the Project Party on relevant transactions, and such other matters as the Fund or the Cooperating Institution shall reasonably request. To the extent that any withdrawals of Loan proceeds during the Fiscal Year were made on the basis of statements of expenditure, the report shall include a separate opinion stating that the proceeds of the Loan withdrawn from the Loan Account on the basis of such statements of expenditure were used for the purposes for which they were provided.

SECTION 9.04. *Other Financial Reports and Information.*

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

- (a) The Loan Parties and the Project Parties shall promptly furnish to the Fund and the Cooperating Institution such other reports and information as the Fund or the Cooperating Institution shall reasonably request on any financial matter relating to the Loan or the Project or any Loan Party or Project Party.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

- (b) The Loan Parties shall promptly inform the Fund and the Cooperating Institution 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 such information as the Fund may reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE X

COOPERATION

SECTION 10.01. *Cooperation, Generally.*

The Fund, the Cooperating Institution, each Loan Party 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 Cooperating Institution, the Loan Parties and the Lead Project Agency shall, from time to time at the request of any one of them, exchange views on the Project, the Loan, or any Loan Party or Project Party.

SECTION 10.03. *Visits, Inspections and Enquiries.*

The Loan Parties and the Project Parties shall enable agents and representatives of the Fund and the Cooperating Institution 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 Loan, the Project, or any Loan Party or Project Party; and
- (c) visit, communicate with and make enquiries of all Project personnel and any staff member of any Loan Party or Project Party.

SECTION 10.04. *Audits Initiated by the Fund.*

The Loan Parties and the Project Parties shall permit auditors designated by the Fund or the Cooperating Institution from time to time to audit the records and accounts relating to the Project. The Loan Parties and the Project Parties shall cooperate fully with such audit and accord the auditors the full rights and privileges of agents or representatives of the Fund under Section 10.03. The Fund shall bear the cost of such audits.

SECTION 10.05. *Evaluations of the Project.*

(a) The Borrower 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 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.

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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.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE XI

TAXATION

SECTION 11.01. *Taxation.*

- (a) The Loan 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 Loan Documents shall be exempt from any Taxes on signature, delivery or registration.
- (c) It is the policy of the Fund that Loan proceeds are not to be used to pay Taxes, including (but not limited to) any Taxes levied on the importation, procurement or supply of any goods, civil works or services financed by the Loan.

SECTION 11.02. *Tax Refunds.*

In furtherance of the policy enunciated in Section 11.01, if the Fund determines at any time that any amount of Loan proceeds have been used to pay Taxes, it may require the Borrower, by written notice, to refund such amount promptly to the Fund. Upon receipt thereof, the Fund shall credit the Loan Account in the amount of such refund.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE XII

REMEDIES OF THE FUND

SECTION 12.01. *Suspension by the Fund.*

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 to request withdrawals from the Loan Account:

- (a) 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;
- (b) the Borrower has failed to make any payment due under any other loan agreement, guarantee agreement, or other financial obligation of any kind of the Borrower to the Fund, whether or not any third party has made such payment;
- (c) the Guarantor has failed to make any Loan Service Payment when due;
- (d) the Guarantor has failed to make any payment due under any other loan or guarantee agreement between the Guarantor and the Fund, or other financial obligation of any kind of the Guarantor to the Fund;
- (e) the Fund has determined that the Project has failed, or is unlikely, to fulfill timely its purposes as stated in the Loan Documents;
- (f) 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 Loan Party or Project Party will be able to perform any of its obligations under any Loan Document;
- (g) 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;
- (h) any representation made by any Loan Party or Project Party in any Loan Document, or any statement furnished in connection therewith and relied upon by the Fund in making the Loan, is incorrect or misleading in any material respect;
- (i) if the Borrower is not a Member State, the Fund has determined that any material adverse change in the condition of the Borrower has occurred;
- (j) the Borrower or the Guarantor has been unable to pay its debts generally as they come due;
- (k) any competent authority has taken action for the dissolution of the Lead Project Agency or suspension of its operations;



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

- (l) 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;
- (m) the Borrower has failed to make any funds, facilities, services and other resources available to the Project Parties in accordance with Sections 7.02 (Availability of Loan Proceeds) or 7.03 (Availability of Additional Funds);
- (n) 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 Loan Documents, or any Loan Party or Project Party has otherwise failed to perform its obligations under Article VIII or IX;
- (o) the Lead Project Agency or any other Project Party has failed to perform any of its obligations under the Project Agreement;
- (p) the Borrower or the Lead Project Agency has failed to perform any of its obligations under any Subsidiary Agreement;
- (q) 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;
- (r) 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;
- (s) the Fund has suspended, in whole or in part, the right of any Loan Party to request or make withdrawals under any other loan agreement or other financing agreement with the Fund;
- (t) any event has occurred prior to the Effective Date which would have entitled the Fund to suspend the Borrower's right to request withdrawals from the Loan Account, had the Loan Agreement been effective on the date such event occurred;
- (u) any Loan Party or Project Party has failed to perform any other obligation under the Loan Agreement or any other Loan Document; or
- (v) any other event so specified in the Loan Agreement has occurred.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

Such suspension shall become effective upon dispatch of notice by the Fund to the Loan Parties. Such suspension shall continue until the Fund has notified the Loan Parties that the Borrower's right to request withdrawals has been restored in whole or in part. The Fund shall provide a copy of such notice to the Lead Project Agency, but failure to do so shall not affect its validity.

SECTION 12.02. *Cancellation by the Fund.*

If any of the following events has occurred, the Fund may terminate the right of the Borrower to request withdrawal of the following amounts from the Loan Account:

- (a) the right of the Borrower to request withdrawals from the Loan Account has been suspended under Section 12.01 with respect to any amount of the Loan for a continuous period of at least 30 days;
- (b) at any time, the Fund determines after consultation with the Borrower that any amount of the Loan will not be required to finance certain costs of the Project;
- (c) at any time, after consultation with the Borrower, the Fund determines that corrupt or fraudulent practices were engaged in by representatives of any Loan Party, Project Party or beneficiary in respect of any amount of expenditures incurred during the procurement or the carrying out of any contract financed by the Loan, and that the Borrower has failed to take timely and appropriate action to remedy the situation;
- (d) at any time, the Fund determines that any amount of the Loan proceeds has been used to finance an expenditure other than an Eligible Expenditure;
- (e) after the Loan Closing Date, any amount of the Loan remains unwithdrawn from the Loan Account;
- (f) the Fund has received any notice from the Guarantor terminating its obligations under the Guarantee Agreement with respect to any amount unwithdrawn from the Loan Account; or
- (g) any other event so specified in the Loan Agreement.

Such termination shall be effective upon dispatch of notice to the Loan Parties, whereupon such amounts of the Loan shall be cancelled. The Fund shall provide a copy of such notice to the Lead Project Agency, but failure to do so shall not affect its validity.

SECTION 12.03. *Cancellation by the Borrower.*

After consultation with the Fund and with the concurrence of the Guarantor, the Borrower may by notice to the Fund cancel any unwithdrawn amount of the Loan, except for amounts subject to Special Commitment as provided in Section 4.03. Such cancellation shall become effective upon acknowledgement thereof by the Fund.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

SECTION 12.04. *Applicability of Cancellation or Suspension.*

(a) Any partial cancellation of the Loan shall be applied *pro rata* to any remaining 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. Such notice shall be deemed, *ipso facto*, to modify the Loan Agreement accordingly.

(b) No cancellation or suspension shall apply to amounts subject to any special commitment made by the Fund pursuant to Section 4.03, unless such special commitment expressly provides otherwise.

(c) Except as expressly provided in this Article, all provisions of the Loan Documents 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 (e) through (l), inclusive, of Section 12.01 has occurred;
- (b) the Fund has declared the principal of any other loan to any Loan Party then outstanding to be due and payable immediately;
- (c) any event specified in paragraphs (a) through (d), inclusive, of Section 12.01 has occurred and continues for a period of 30 days;
- (d) any event specified in paragraphs (m) through (u), inclusive, of Section 12.01 has occurred and continues for a period of 60 days after notice thereof has been given by the Fund to the Loan Parties; or
- (e) any other event specified in the Loan Agreement for the purposes of this Section has occurred and continues for the period, if any, specified in the Loan Agreement.

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



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE XIII

EFFECTIVENESS AND TERMINATION

SECTION 13.01. *Conditions Precedent to Effectiveness.*

The Loan Documents shall not become effective until evidence satisfactory to the Fund has been furnished to the Fund that the conditions precedent specified therein have been fulfilled.

SECTION 13.02. *Effective Date.*

(a) The Loan Documents shall become effective on the date that the Fund dispatches notice thereof to the Loan Parties, or such other date as the Fund may designate in such notice.

(b) The Fund shall dispatch such notice promptly after its acceptance or waiver of the evidence required by Section 13.01. If any event of suspension specified in Section 12.01 has occurred, however, the Fund may postpone dispatch of such notice until such event has ceased to exist.

SECTION 13.03. *Termination before Effectiveness.*

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

- (a) before the Effective Date, any event of suspension specified in Section 12.01 has occurred;
- (b) before the Effective Date, any Loan Party or Project Party has taken any action inconsistent with the object and purpose of any Loan Document; or
- (c) the Loan Agreement does not become effective on or before the last date specified therefor in the Loan Agreement, unless the Fund establishes a later date therefor. The Fund shall notify the Loan Parties of such later date.

SECTION 13.04. *Termination upon Full Payment.*

The Loan Documents 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 finally and undefeasibly paid.



GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING

ARTICLE XIV

ENFORCEABILITY AND RELATED MATTERS

SECTION 14.01. *Enforceability.*

(a) The Loan Documents, 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.

(b) Neither the Fund nor any Loan Party or Project Party shall be entitled in any legal proceedings to assert any claim for any reason that any provision of these General Conditions or the Loan Documents is invalid or unenforceable.

SECTION 14.02. *Failure to Exercise Rights.*

No delay in exercising, or omission to exercise, any right, power or remedy of any party under the Loan Documents 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 the Loan Documents 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 the Loan Documents 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 the Loan Documents shall endeavour to settle through amicable means any controversy between them in respect of such Loan Documents.

(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 Loan Document 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 months after proceeding 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 proceeding 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.



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- (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 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 services of any such notice or process.



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ARTICLE XV

MISCELLANEOUS PROVISIONS

SECTION 15.01. *Communications.*

All notices, requests and other communications given or made under the Loan Documents shall be in writing. Except as otherwise expressly provided, any such notice, request or other communication shall be deemed duly given or made when delivered by hand, mail, telegram, cable, telex or facsimile to the party to which it is given or made at such party's address specified in the particular Loan Document, or at such other address as such party may designate by notice to the other parties thereto. Delivery of any such notice, request or other communication by facsimile transmission shall be followed promptly by mail delivery of the original thereof.

SECTION 15.02. *Language of Reporting.*

The Loan Parties and the Project Parties shall deliver all reports and information to the Fund and the Cooperating Institution in the language specified in the Loan Documents, or in any other language agreed by the Fund.

SECTION 15.03. *Authority to Take Action.*

The representative or agent so designated in any Loan Document, or another person duly authorized in writing by such representative or agent, may take any action and sign any document in connection with such Loan Document on behalf of any Loan Party or Project Party. Such representative, agent or other person may agree to any modification of the terms and conditions of such Loan Document on behalf of such Loan Party or Project Party by written instrument signed by him; *provided that*, in the opinion of such representative, agent or other person, such modification is reasonable in the circumstances and will not substantially increase the obligations of such Loan Party or Project Party thereunder. The Fund shall be entitled to accept the signature by such representative, agent or other person as conclusive evidence that he is of such opinion.

SECTION 15.04. *Evidence of Authority.*

Within 30 days after request by the Fund, any Loan Party or 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 Loan Documents.*

The Fund and the relevant Loan Party or Project Party may agree from time to time to modify the terms and conditions of the Loan Documents (including, but not limited to, the terms and conditions of these General Conditions as applied thereto) or the application of the Loan Documents. The Fund shall determine the form, and any conditions precedent for the effectiveness, of any such agreement in accordance with its internal regulations.



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SECTION 15.06. *Change of Entity or Representative.*

If the Borrower wishes to appoint any successor to, reassigns the responsibilities of, or changes the designation or address of, any of the entities specified in the Loan Documents, the Borrower shall promptly give notice thereof to the Fund. By notice to the Borrower, the Fund may accept such new entity as constituting the entity fully responsible for carrying out the functions assigned to its predecessor under the Loan Documents. Upon such acceptance, the Loan Documents shall be deemed *ipso facto* modified accordingly.

SECTION 15.07. *Signature of the Loan Documents.*

(a) The signature of any Loan Document by a Loan Party or Project 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 Fund in writing before such Loan Document becomes effective.

(b) The Loan Documents may be signed in several counterparts, each of which shall be an original.

BỘ NGOẠI GIAO

Số: 03/SY-LPQT

SAO Y BẢN CHÍNH

Hà Nội, ngày 18 tháng 01 năm 2011

TL. BỘ TRƯỞNG

KT. VỤ TRƯỞNG

VỤ LUẬT PHÁP VÀ ĐIỀU ƯỚC QUỐC TẾ

PHÓ VỤ TRƯỞNG

Nguyễn Thị Minh Nguyệt