LOAN NO. 810-VN
GRANT NO. I-C-1200-VN

FINANCING AGREEMENT

Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province (3EM)

between the

SOCIALIST REPUBLIC OF VIET NAM

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in Hanoï, Viet Nam

on 9 November 2010

IFAD | FIDA

Enabling poor rural people to overcome poverty
Œuvrer pour que les populations rurales pauvres se libèrent de la pauvreté
Dar a la población rural pobre la oportunidad de salir de la pobreza
تمكين السكان الريفيين الفقراء من التغلب على الفقر

18 November 2010

Mr Minister,

Re: SOCIALIST REPUBLIC OF VIET NAM: Loan No. 810-VN and Grant No. I-C-1200-VN (Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province (3EM))

1. Six copies of the Financing Agreement in respect of the above-referenced Project were signed on 9 November 2010 in Hanoi, Viet Nam. The signatories were:

(a) For the Recipient: Vu Van Ninh
Minister for Finance
of the Socialist Republic
of Viet Nam

(b) For IFAD: Kanayo F. Nwanze
President

2. Therefore, kindly accept ten conformed copies of the Financing Agreement.

3. In accordance with Section 13.01 of IFAD's General Conditions for Agricultural Development Financing dated 29 April 2009 ("the General Conditions"), the Financing Agreement shall enter into force on the date when both IFAD and the Recipient have signed it.

4. For the purposes of the administration of the above-mentioned Financing Agreement the relevant dates are as follows:

The Entry into Force Date is 9 November 2010;

The Project Completion Date shall be 31 December 2016; and

The Financing Closing Date shall be 30 June 2017.

Accept, Mr Minister, the assurances of my highest consideration.

Thomas Elhaut
Director
Asia and the Pacific Division
Programme Management Department

His Excellency
Vu Van Ninh
Minister for Finance
Ministry of Finance
of the Socialist Republic of Viet Nam
Hanoï

International Fund for Agricultural Development Via Paolo di Dono, 44 00142 Rome, Italy
Tel.: +39 06 54591 Fax: +39 06 5043463 E-mail: ifad@ifad.org Web site: www.ifad.org

FINANCING AGREEMENT

Loan Number: 810-VN

Grant Number: I-C-1200-VN

Project Title: Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province (the "Project")

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

and

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

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS:

A. The Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Project, described in Schedule 1 to this Agreement;

B. The Viet Nam Bank for Agriculture and Rural Development ("AGRIBANK") is expected to make available the approximate amount of nine hundred thousand United States dollars (USD 900 000) to assist in financing the Agricultural and Value Chain Lending sub-component of the Project on terms and conditions to be set forth in a Subsidiary Loan Agreement ("SLA") between the Borrower/Recipient and the AGRIBANK;

NOW THEREFORE the Parties hereby agree as follows:

Section A

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

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

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

Section B

1. A. The amount of the Loan is SDR 12 800 000.

   B. The amount of the Grant is SDR 330 000.

2. The Loan is granted on highly concessional terms.

3. The Loan Service Payment Currency shall be the currency of the United States of America (USD).

4. The first day of the applicable Fiscal Year shall be 1 January.

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

6. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of two million three hundred thousand United States dollars (USD 2 300 000).

Section C

1. The Lead Project Agency shall be the Dak Nong Provincial People's Committee (PPC).

2. The following are designated as additional Project Parties:

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

(b) the Commune People's Committees in the Project Area, or any successor(s) thereto;

(c) the Department of Planning and Investment (DPI) of Dak Nong Province, or any successor thereto;

(d) the Department of Agriculture and Rural Development (DARD) of Dak Nong Province, or any successor thereto;

(e) the Provincial Extension Centre of Dak Nong Province, or any successor thereto;

(f) the Viet Nam Bank for Agriculture and Rural Development (AGRIBANK);

(g) the Viet Nam Bank for Agriculture and Rural Development of Dak Nong Province (AGRIBANK DN);

(h) the Farmer's Union of the Dak Nong Province; and

(i) the Women's Union of the Dak Nong Province (WU).

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

Section D

1. The Loan and Grant shall be administered and the Project supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension by the Fund, of the right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Account(s):

(a) The Project Implementation Manual referred to in paragraph 10.1, Section II of Schedule 1 hereto, or any provision thereof, has been waived, suspended, terminated, amended or otherwise 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.

2. The following are designated as additional grounds for cancellation by the Fund, in whole or in part, of the remaining amounts in the Loan and/or Grant Account(s):

(a) The Borrower/Recipient has failed to introduce appropriate measures to safeguard the livelihoods of the Target Population in the Project Area directly or indirectly affected by bauxite mining development, and has failed to reach agreement with the Fund, within a reasonable time thereafter, on how to adjust Project activities to provide alternative livelihood options thereto.

3. The following is designated as an additional general condition precedent to withdrawal:

(a) No withdrawals from the Loan and/or Grant Account(s) shall be made until the Project Implementation Manual (PIM) referred to in Para 10.1 Section II, Schedule 1 hereto shall have been approved by the PPC.

4. The following are designated as additional special conditions precedent to withdrawal:

(a) No withdrawal shall be made in respect of expenditures under Category I (Community Infrastructure Investments) of the Allocation Table set forth in paragraph 1 of Schedule 2 hereto, until a Community Development Fund Manual in form and substance acceptable to the Fund shall have been adopted by the PPC.

(b) No withdrawal shall be made in respect of expenditures under Category V (Credit) of the Allocation Table set forth in paragraph 1 of Schedule 2 hereto, until the Credit Operations Manual and the SLA referred to respectively in paragraphs 9.4 and 11.1, Section II of Schedule 1 hereto shall have been duly executed, and adopted by AGRIBANK in form and substance acceptable to the Fund and the Borrower/Recipient.

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

For the Fund:

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

For the Borrower/Recipient:

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

This Agreement, dated 9 November 2010, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

For the Fund
Kanayo F. Nwanze
President

For the Borrower/Recipient
Vu Van Ninh
Minister for Finance
of the Socialist Republic
of Viet Nam

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population*. The Project shall target indigenous ethnic minorities, migrant ethnic minorities and poor Kinh households, with particular emphasis on women in the following districts of the Borrower/Recipient's Dak Nong Province: Krong No, Dak Song, Dak G'Long, Dak R'Lap and Tuy Duc (each a "District" and, collectively, "Districts" or "Project Area").

2. *Goal*. The goal of the Project is to contribute to the sustainable improvement of the livelihoods of poor and ethnic minority households in the Dak Nong Province.

3. *Objectives*. The objective of the Project is to increase incomes of poor and near poor ethnic minority households, with particular focus on women.

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

4.1. Component 1: Ethnic Minority Livelihood Development. This Component shall include the following three sub-components:

4.1.1. *Extension of Sustainable Agriculture* (Sub-component 1.1). Under this sub-component, the Project shall define approaches for sustainable agricultural practices. The Project shall carry out participatory analysis of the potential for sustainable agriculture, pilot demonstrations of organic and chemical input technologies, participatory trials of best practices and validation workshops of the trials. An extension programme shall be drawn up for upsclaling validated activities.

4.1.2. *Value Chain Development* (Sub-component 1.2). Activities to be carried out under this sub-component shall be aimed at achieving:

(i) *Development of major value chains.* The Project shall support value chain analysis of farmer/buyer transactions and finalise a list of opportunities to improve sale terms for farmers; such activities shall be followed by the development of promotion and extension packages;

(ii) *Development of high produce value chains.* Expressions of Interest shall be invited from buyers of agricultural products to participate in given value chain(s). A short-list of eligible companies shall be prepared on the basis of pre-determined criteria acceptable to the Fund. Selected companies with approved business plan proposals shall enter into implementation agreement(s) with the Project.

4.1.3. *Participatory Planning and Community Infrastructure* (Sub-component 1.3). The Project shall support the identification of infrastructure priorities through participatory processes reflecting the needs of Target Population and promote investments of village community infrastructure, commune and intra-village works.

4.2. Component 2: Rural Financial Services. The objective of this component is to give access to poor and near poor households to appropriate means of credit through Joint Liability Groups (JLGs) and micro-grants through Women Savings and Credit Groups, under the following sub-components and activities:

4.2.1. *Agricultural and Value Chain Lending* (Sub-component 2.1). The Project shall promote the establishment of JLGs including ethnic minority villagers upon the principles of homogeneity, trust and affinity, as the conduit for AGRIBANK DN lending to individual members without collateral.

4.2.2. *Women Savings and Credit Groups* (Sub-component 2.2). The Project shall promote the establishment of Savings and Credit Groups (SCGs), formed primarily by ethnic minority women upon the principles of trust and affinity. The WU shall, among other things, carry out a Feasibility Study for the establishment of a micro-finance institution, provide training: on (i) social mobilization, (ii) formation of the SCGs, and (iii) savings modules, provide matching grants to the SCGs and establish and implement the Women's Economic Opportunities Fund (WEOF), if recommended by the Feasibility Study.

4.3. Component 3: Project Management. Under this Component, the Project shall support Project management by strengthening the capacity of the PPC and Project Parties and the Department of Finance of Dak Nong Province with the establishment of a management structure meeting the requirements of transparency and good governance. The Project shall be implemented under the responsibility of the PPC and hosted by the Department of Planning and Investment, Dak Nong Province.

II. Implementation Arrangements

5. Project Steering Committee (PSC)

5.1. *Establishment and Composition.* The PPC shall establish the PSC, which shall assume the primary responsibility of reviewing Project implementation activities and budgets. The PSC shall be chaired by the chairperson or the vice-chairperson of the PPC. Members shall be the chairpersons or vice-chairpersons of the Districts' People's Committees, representatives of the Project Parties, Department of Finance of Dak Nong Province, and the Provincial Committee for Ethnic Minorities (PCEM). The Project Director shall act as the PSC secretary.

5.2. *Responsibilities.* The PSC shall be responsible for the review of the Annual Work Plan and Budget (AWPB) and Annual Project Financial Statements, and for submission thereof to the PPC for approval. The PSC shall also be responsible for compliance of Project activities with the terms and conditions of this Agreement. The PPC shall approve the appointments of the key staff in the PMU and decide on any policy issues that may arise during implementation.

6. Project Management Unit (PMU)

6.1. *Establishment and Composition.* The PPC shall establish a PMU at the Provincial level which shall be headed by a full-time Project Director and include the following full-time staff: (i) Deputy Project Director (ii) an agri-business specialist, (iii) a rural finance coordinator, (iv) a procurement specialist, (v) a monitoring and evaluation specialist, (vi) a chief accountant, (vii) a translator, and (viii) support staff, as appropriate. A technical assistance Management Advisor shall support the Project Director during the first year of Project implementation together with a gender specialist on a part-time basis.

6.2. In each District, a focal point shall be appointed in the office of the District People's Committee to support activities at the District level. A District Engineer for the District offices shall be recruited or seconded from the District. Two District subject-matter specialists (DSMSs) shall be recruited for the sustainable agriculture and value chain related activities.

6.3. At Commune level, full-time community facilitators shall be selected from among local farmers through a merit-based process focusing on knowledge of local languages, and respect within the local community.

6.4. *Key Responsibilities.* The key tasks of the PMU shall include, amongst others:

(a) *Targeting and Gender.* In the planning and implementation of Project activities, the PMU shall ensure that the Project Parties maintain the focus on poor and near poor households of ethnic minorities and ensure that women have ample opportunities to participate in Project activities. The PMU shall ensure that gender is mainstreamed in all Project activities by using a guidance manual to be developed by the Project in the first Project Year;

(b) *Monitoring and Evaluation.* The Monitoring and Evaluation (M&E) specialist in the PMU shall establish an appropriate M&E and Management Information Systems (MIS) following IFAD Results and Impact Management Systems (RIMS) procedures. Staff in the Project Parties shall be trained in M&E requirements

(c) *Recruitment of staff.* In collaboration with the relevant Project Parties, the PMU shall develop appropriate Terms of References for staff positions to be funded by the Project. The PMU shall organise fair and transparent selection processes and ensure that the Funds concurrence for the candidates for the key positions is obtained.

(d) *Environmental concerns.* The PMU shall ensure that Project activities comply with the Borrower/Recipient's Law on Environmental Protection, and the Circular on Guideline for the Strategic Environmental Assessment (SEA), environmental impact assessment, and environmental protection commitments in accordance with Decision No. 05/2008/TT-BTNMT, of 8 December, 2008.

7. Key Project Staff

7.1. *Recruitment of Key PMU Staff.* The full-time Project Director and the Deputy Project Director shall be appointed by the PPC with the prior agreement of the Fund. In finalising the appointments, everything else being equal, preference shall be given to candidates with strong experience at the district level and with an agricultural background.

7.2. The Project Director shall serve throughout the entire Project Implementation Period and may only be removed by the PPC after prior consultation with the Fund.

8. Project Reviews

8.1. *Project Review.* The Borrower/Recipient, the PPC and the Fund shall conduct a Project Review at completion of the second year of Project implementation to *inter alia*: (a) assess implementation performance and the extent to which Project activities reach the ethnic minority Target Population; (b) examine the modalities for up-scaling Project activities, as and when appropriate; (c) ensure that benefits have been disaggregated and monitored by ethnic groups; (d) verify progress in land allocation in each District; (e) identify issues and constraints affecting the Project, including any direct or indirect negative impact from bauxite mining activities, (f) work out time-bound action plan(s) with corrective measures satisfactory to the Fund.

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

9. Implementation Arrangements under Project Components

9.1. *Extension of Sustainable Agriculture* (Sub-component 1.1). The development and delivery of the sustainable agriculture extension programme shall be assigned to the DARD of Dak Nong Province and the Provincial and District Extension Centres .

9.2. *Value Chain Development* (Sub-component 1.2). Value chain development shall be implemented by DARD with support from a national Agribusiness Coordinator in the PMU, an Agribusiness specialist, and an international Agribusiness advisor, each recruited for short term assignments.

9.3. *Participatory Planning and Community Infrastructure* (Sub-component 1.3). Participatory planning and community infrastructure shall be implemented by the Commune People's Committee (CPC), in accordance with relevant DPI guidelines. A Village Management Board (VMB) shall be established to supervise the day to day construction of the works. The VMB shall be responsible for operation and maintenance (O&M), and shall develop an O&M plan prior to the construction of any works. A Commune Management Board shall be established to assist the CPC to implement community infrastructure. The Community Monitoring Board shall include representatives from the VMB.

9.3.1. Implementation support shall be provided by a District engineer to facilitate implementation of community infrastructure by the VMBs. Support may be provided by qualified service providers from the public and/or private sectors, and/or NGOs with experience in participatory planning and management in the area.

9.4. *Agricultural and Value Chain Lending* (Sub-component 2.1). The Agricultural and Value Chain Lending sub-component shall be implemented by AGRIBANK. To this effect: (i) AGRIBANK shall enter into a Subsidiary Loan Agreement with the Borrower/Recipient; and (ii) AGRIBANK shall adopt a Credit Operations Manual in form and substance acceptable to the Fund and to the Borrower/Recipient, specifying, *inter alia*, modalities for the management of the credit line, eligibility criteria for membership of the JLGs and terms and conditions for the lending thereto.

9.5. *Women Savings and Credit Groups* (Sub-component 2.2). The Provincial Women's Union shall implement the Women Savings and Credit Groups activities. They shall be responsible for the formation of the groups and management of funds in the Women's Economic Opportunities Fund (WEOF). The Rural Finance Coordinator with the support of national technical expertise from the Viet Nam Women's Union shall assist the Provincial WU in the implementation of the training programme.

10. Additional Implementation Arrangements

10.1. Project Implementation Manual (PIM)

10.1. *Preparation and Approval.* The Borrower shall cause the PPC to prepare a draft Project Implementation Manual (PIM) as soon as practicable, but in no event later than 90 days after the entry into force of this Agreement. The PIM shall detail, among other things, the Project implementation responsibilities for planning, budgeting, financing, Loan and Grant disbursement, reporting, procurement, preparation of accounts and

auditing, and the implementation of the Women's Union micro-grants. In addition, the PIM shall incorporate a strong governance framework to empower the Target Population to play a bigger role in Project implementation and introduce measures to ensure transparency, assess consumer satisfaction and provide for third party monitoring of Project activities/outcomes. The PPC shall approve the PIM only with prior agreement of the Fund, and provide a copy thereof to the Fund.

11. Subsidiary Loan Agreement (SLA)

11.1. Part of the proceeds of the Loan shall be made available to the Borrower/Recipient, as detailed in the relevant SLA to be entered into by the Borrower/Recipient and AGRIBANK and which shall provide, among other things, that:

(i) the Borrower/Recipient shall on-lend from the proceeds of the Loan an amount in Vietnamese Dong equivalent to SDR 2 300 000 million to AGRIBANK for purposes of carrying out Programme activities financed from Category V (Credit) of the Allocation Table set forth in paragraph 1 Schedule 2 hereto, in accordance with the Borrower/Recipient's on-lending policy applicable to ODA-funded projects, and on terms and conditions acceptable to the Fund;

(ii) AGRIBANK shall pay the Borrower/Recipient's interest on the principle amount of the loan fund portion of the credit withdrawn by AGRIBANK and the principal amount of the credit outstanding from time to time based on terms and conditions acceptable to the Fund;

(iii) the SLA shall come into force and effect on the date upon which this Agreement enters into force;

(iv) the Borrower/Recipient, through AGRIBANK, shall establish and maintain in AGRIBANK DN, a Revolving Fund for the Line of Credit into which all net revenues from credits extended directly or indirectly by the Loan shall be deposited. AGRIBANK DN shall use the Revolving Fund to further credits to Project eligible beneficiaries in accordance with this Agreement until the Project Completion Date. For purposes of this paragraph, the term "net revenues" means all repayments of principal and all payments of interest, less reasonable operating and other costs;

(v) AGRIBANK shall contribute in the amount of USD 900 000 to assist in financing the Agricultural and Value Chain Lending Sub-component of the Project on terms and conditions acceptable to the Fund;

(vi) AGRIBANK shall carry out its activities under the Project in accordance with the procedures, principles and practices set forth in the Project Credit Operations Manual.

11.2 The Borrower/Recipient shall submit a draft of the SLA to the Fund for comments and endorsement before its signature and may be amended only after consultation with the Fund.

12. *Selection Criteria for Communes.* The following criteria shall be adopted for the selection of communes which shall participate in the Project ("Communes"):

a) the poverty incidence among ethnic minority households within the Target Population exceeds 10%; and
b) the proportion of ethnic minority households in the total population is more than 25%.

Schedule 2

Allocation Table

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

Category	Loan Amount Allocated (expressed in SDR)	Grant Amount Allocated (expressed in SDR)	Percentage
I. Community Infrastructure Investments	5 165 000		90% net of beneficiaries' contributions
II. Tools, Materials and Equipment	320 000		90%
III. Vehicles	70 000		70%
IV. Technical Assistance, Training, Workshops and Studies			
a) International Technical Assistance	550 000	200 000	100%
b) National Technical Assistance	250 000	65 000	100%
c) Training, Workshops and Studies	1 980 000	65 000	100%
V. Credit	2 300 000		100% net of AGRIBANK financing
VI. Women's Union Micro Grants	1 120 000		100% net of beneficiaries' contributions
VII. Recurrent Costs			
a) Salaries and Allowances	380 000		100% net of counterpart contribution
b) Operations and Maintenance	250 000		100% net of counterpart contribution
VIII. Unallocated	415 000		
TOTAL	**12 800 000**	**330 000**	

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

(i) "Community Infrastructure Investments" means Eligible Expenditures for community infrastructure;

(ii) "Technical Assistance" means Eligible Expenditures for national and international expertise for Ethnic Minorities' Farming Systems, Sustainable Agriculture, Agribusiness, Agriculture and Value Chain Loans, Management and Gender.

(iii) "Vehicles" means Eligible Expenditures for two cars and motorcycles;

(iv) "Credit" means Eligible Expenditures for the Revolving Fund to be established by AGRIBANK to finance: a) agriculture including crops and livestock; b) processing and marketing in value chains; and c) JLGs' investments in value chains;

(v) "Women's Union Micro Grants" means Eligible Expenditures for financing matching grants to Women's Savings and Credit Groups and the Revolving Fund for the WEOF;

(vi) "Salaries and Allowances" means Eligible Expenditures for District Subject-Matter Specialists, Commune facilitators, District engineers and allowances for Commune extension workers and community infrastructure facilitators;

(vii) "Operations and Maintenance" means Eligible Expenditures for operations and maintenance of vehicles and motorcycles.

Schedule 3

Special Covenants

For the purposes of this Agreement the Borrower/Recipient shall ensure that the following provisions are complied with:

1. *AGRIBANK Records.* AGRIBANK DN maintains adequate records allowing for monitoring of the status of loans supported under the credit line and the use of the Revolving Fund to finance additional loans to JLGs.

2. *Avoidance of Negative Impact from Mining Activities in Project Area.* No Communes in which bauxite mining activities take place are eligible for participation in the Project. Notwithstanding the generality of the foregoing, should the development of bauxite mining have a direct or indirect negative impact on Project activities, the Borrower/Recipient shall take appropriate mitigating measures to safeguard the livelihoods of the affected Target Population. Failing this, the Borrower/Recipient shall ensure that Project activities are adjusted to provide the distressed Target Population members with alternative livelihood options not affected by mining activities in a manner acceptable to the Fund.

3. *Land Allocation.* All Land Use Certificates shall be issued in the name of women only, in the event of women-headed households, and wife and husband for married couples.

GENERAL CONDITIONS FOR AGRICULTURAL DEVELOPMENT FINANCING
(April 2009)

ARTICLE I - APPLICATION

SECTION 1.01. Application of General Conditions.

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

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

ARTICLE II - DEFINITIONS

SECTION 2.01. General Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Fund" means the International Fund for Agricultural Development.

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

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

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

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

"IFAD Procurement Guidelines" means the Procurement Guidelines approved by the Fund's Executive Board in December 2004, as such guidelines may be amended by the Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 2.02. Use of Terms.

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

SECTION 2.03. References and Headings.

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

ARTICLE III - THE COOPERATING INSTITUTION

SECTION 3.01. Appointment of the Cooperating Institution.

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

SECTION 3.02. Responsibilities of the Cooperating Institution.

If appointed, the Cooperating Institution shall be responsible for:

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

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

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

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

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

SECTION 3.03. Cooperation Agreement.

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

SECTION 3.04. Actions by the Cooperating Institution.

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

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

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

ARTICLE IV - LOAN ACCOUNT AND WITHDRAWALS

SECTION 4.01. Loan and Grant Accounts.

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

SECTION 4.02. Withdrawals from the Loan and Grant Accounts.

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

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

SECTION 4.03. Special Commitments.

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

SECTION 4.04. Applications for Withdrawal, or Special Commitment.

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

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

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

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

SECTION 4.05. Transfer by the Fund.

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

SECTION 4.06. Value Dates of Withdrawals.

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

SECTION 4.07. Allocations and Reallocations of Financing Proceeds.

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

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

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

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

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

SECTION 4.08. Eligible Expenditures.

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

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

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

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

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

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

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

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

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

SECTION 4.09. Refund of Withdrawals.

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

ARTICLE V - LOAN SERVICE PAYMENTS

SECTION 5.01. Lending Terms.

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

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

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

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

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

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

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

SECTION 5.02. Repayments and Prepayments of Principal.

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

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

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

SECTION 5.03. Manner and Place of Payment.

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

SECTION 5.04. Value Dates of Loan Service Payments.

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

ARTICLE VI - CURRENCY PROVISIONS

SECTION 6.01. Currencies for Withdrawals.

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

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

SECTION 6.02. Loan Service Payment Currency.

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

SECTION 6.03. Valuation of Currencies.

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

ARTICLE VII - IMPLEMENTATION OF THE PROJECT

SECTION 7.01. Project Implementation.

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

(i) with due diligence and efficiency;

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

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

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

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

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

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

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

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

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

SECTION 7.02. Availability of Financing Proceeds.

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

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

SECTION 7.03. Availability of Additional Resources.

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

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

SECTION 7.04. Coordination of Activities.

In order to ensure that the Project is carried out in accordance with Section 7.01, the Borrower/ Recipient shall ensure that the relevant activities of its ministries, departments and agencies, and those of each Project Party, are conducted and coordinated in accordance with sound administrative policies and procedures.

SECTION 7.05. Procurement.

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

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

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

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

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

SECTION 7.06. Use of Goods and Services.

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

SECTION 7.07. Maintenance.

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

SECTION 7.08. Insurance.

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

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

SECTION 7.09. Subsidiary Agreements.

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

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

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

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

SECTION 7.10. Performance of the Agreements.

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

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

SECTION 7.11. Key Project Personnel.

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

SECTION 7.12. Project Parties.

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

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

(b) employ competent and experienced management and personnel;

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

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

SECTION 7.13. Allocation of Project Resources.

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

SECTION 7.14. Environmental Factors.

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

SECTION 7.15. Relending Rates.

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

SECTION 7.16. Project Completion.

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

ARTICLE VIII - IMPLEMENTATION REPORTING AND INFORMATION

SECTION 8.01. Implementation Records.

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

SECTION 8.02. Monitoring of Project Implementation.

The Lead Project Agency shall:

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

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

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

SECTION 8.03. Progress Report and Mid-Term Reviews.

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

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

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

SECTION 8.04. Completion Report.

As promptly as possible after the Project Completion Date but in any event no later than the Financing Closing Date, the Borrower/Recipient shall furnish to the Fund a report on the overall implementation of the Project, in such form and substance as may be specified in the Financing Agreement or as the Fund shall reasonably request. At a minimum, such report shall address (i) the costs and benefits of

the Project, (ii) the achievement of its objectives, (iii) the performance by the Borrower/Recipient, the Project Parties, the Fund of their respective obligations under the Agreement and (iv) lessons learned from the foregoing.

SECTION 8.05. Plans and Schedules.

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

SECTION 8.06. Other Implementation Reports and Information.

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

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

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

ARTICLE IX - FINANCIAL REPORTING AND INFORMATION

SECTION 9.01. Financial Records.

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

SECTION 9.02. Financial Statements.

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

SECTION 9.03. Audit of Accounts.

The Borrower/Recipient shall:

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

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

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

SECTION 9.04. Other Financial Reports and Information.

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

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

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

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

ARTICLE X - COOPERATION

SECTION 10.01. Cooperation, Generally.

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

SECTION 10.02. Exchange of Views.

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

SECTION 10.03. Visits, Inspections and Enquiries.

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

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

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

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

SECTION 10.04. Audits Initiated by the Fund.

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

SECTION 10.05. Evaluations of the Project.

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

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

SECTION 10.06. Country Portfolio Reviews.

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

ARTICLE XI - TAXATION

SECTION 11.01. Taxation.

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

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

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

SECTION 11.02. Tax Refunds.

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

ARTICLE XII - REMEDIES OF THE FUND

SECTION 12.01. Suspension by the Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) Any Subsidiary Agreement or any provision thereof has been assigned, waived, suspended, terminated, amended or otherwise modified without the prior consent of the Fund, and the Fund has determined that such assignment, waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.

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

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

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

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

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

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

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

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

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

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

SECTION 12.02. Cancellation by the Fund.

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

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

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

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

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

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

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

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

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

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

SECTION 12.03. Cancellation by the Borrower/Recipient.

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

SECTION 12.04. Applicability of Cancellation or Suspension.

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

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

SECTION 12.05. Acceleration of Maturity.

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

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

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

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

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

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

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

SECTION 12.06. Other Remedies.

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

ARTICLE XIII - ENTRY INTO FORCE AND TERMINATION

SECTION 13.01. Entry into Force.

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

SECTION 13.02. Termination before Withdrawal.

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

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

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

SECTION 13.03. Termination upon Full Performance.

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

ARTICLE XIV - ENFORCEABILITY AND RELATED MATTERS

SECTION 14.01. Enforceability.

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

SECTION 14.02. Failure to Exercise Rights.

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

SECTION 14.03. Rights and Remedies Cumulative.

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

SECTION 14.04. Arbitration.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE XV - MISCELLANEOUS PROVISIONS

SECTION 15.01. Communications.

All notices, requests and other communications given or made under an Agreement shall be in writing. Except as otherwise expressly provided in the Agreement, any such notice, request or other communication shall be deemed duly given or made when delivered by hand, mail, telegram, cable, facsimile or email to the party to which it is given or made at such party's address specified in the particular Agreement, or at such other address as such party may designate by notice to the other parties thereto.

SECTION 15.02. Language of Reporting.

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

SECTION 15.03. Authority to Take Action.

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

SECTION 15.04. Evidence of Authority.

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

SECTION 15.05. Modifications of the Agreement.

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

SECTION 15.06. Change of Entity or Representative.

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

SECTION 15.07. Signature of the Agreement.

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