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Investing in rural people

Republic of Rwanda

Kayonza Irrigation and Integrated Watershed
Management Project – Phase I (KIIWP1)

Negotiated financing agreement

Executive Board — 126th Session
Rome, 2-3 May 2019

For: Information

Negotiated financing agreement: "Kayonza Irrigation and Integrated Watershed Management Project"

(Negotiations concluded on 17 April 2019)

Loan No: _____

Project name: Kayonza Irrigation and Integrated Watershed Management Project ("the Project" or "KIIWP")

The Republic of Rwanda (the "Borrower")

and

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

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

WHEREAS the Borrower has requested financing from the Fund for the purpose of financing the KIIWP;

WHEREAS, the Project shall be implemented in two phases;

WHEREAS, the Fund has agreed to provide a loan for the Project to finance the activities described in Schedule 1 to this Agreement ("Phase I" of the Project or "KIIWP1");

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), the Special Covenants (Schedule 3) and the General Conditions for Agricultural Development Financing dated 29 April 2009, as amended on December 2018, and as may be amended hereafter from time to time (the "General Conditions"). In the event of a conflict between this document and any of the Schedules, the provisions of this document shall take precedence.

2. All provisions of the General Conditions 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, unless the Parties otherwise agree in this Agreement.

3. The Fund shall provide a Loan (the "Financing") to the Borrower which the Borrower shall use to implement the KIIWP1 in accordance with the terms and conditions of this Agreement.

4. For the purpose of this Agreement:

"Phase I" or "KIIWP1" means the first phase of the Project, which corresponds to the period commencing on the date of entry into force of this Agreement and ending approximately 30 months later or on the Project completion date;

"Project completion date" means the date for completion of activities financed under KIIWP1;

"Phase II" or "KIIWP2" means the second phase of the Project as will be approved by the IFAD Executive Board;

"Phase Review" means the Phase Review described in Section C.4;

"Trigger Indicators" means the set of indicators directly linked to the results of the KIIWP1 which shall be the basis of review and shall need to be fulfilled to seek approval of Loan funds to implement the KIIWP2 II, as described in Section III paragraph 12 of Schedule 1.

Section B

1. The amount of the Loan is twelve million eight hundred fifty thousand Special Drawing Rights (SDR 12 850 000).
2. The Loan is granted on Highly Concessional Terms, and 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. The principal is to be repaid at 4.5 per cent of the total principal per annum for years eleven (11) to thirty (30), and 1 per cent of the total principal per annum for years thirty first (31) to forty (40).
3. The Loan Service Payment Currency shall be the US Dollar.
4. The first day of the applicable Fiscal Year shall be 1 July.
5. Payments of principal and service charge shall be payable on each 1 April and 1 October.
6. There shall be one Designated Account in USD, for the exclusive use of the Project opened in the National Bank of Rwanda. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. There shall be one Project Operations Account in Rwandan francs (RWF) opened by the Lead Project Agency in the National Bank of Rwanda.
8. The Borrower shall provide counterpart financing for the Project in an amount equivalent to approximately five million, one hundred and fifty thousand US Dollars (USD 5 150 000) to cover taxes for the Project and feasibility studies for the Ndego Pumping Irrigation scheme.

Section C

1. The Lead Project Agency shall be the Rwanda Agriculture and Animal Resources Development Board (RAB) under the Ministry of Agriculture and Animal Resources (MINAGRI) of the Borrower.
2. The following are designated as additional Project Parties: Local Administrative Entities Development Agencies (LODA), Rwanda Youth in Agribusiness Forum (RYAF) and any other parties deemed necessary by the Lead Project Agency.

3. The Project Completion Date shall be approximately thirty (30) months after the date of entry into force of this Agreement or such other date as the Fund may designate by notice to the Borrower and the Financing Closing Date will be established as specified in the General Conditions. The Agreement shall enter into force on the date of receipt by the Fund of the instrument of ratification.

4. Phase Review. The Fund shall carry out a review of KIIWP1 implementation once the feasibility studies and Environmental and Social Impact Assessments (ESIAs) will be finalized. Among other things, the Phase Review shall consider the successful achievement of Trigger Indicators indicated in Schedule 1 Section III paragraph 12, and make recommendations for moving to Phase 2. The findings of the Phase Review shall be the basis upon which the Fund shall decide whether to submit Phase 2 for approval of the IFAD Executive Board. The Borrower shall ensure that, should the Fund decide that the Project shall continue to the Phase II, the recommendations resulting from the Phase Review are implemented within the specified time therefor and to the satisfaction of the Fund.

Section D

The Loan will be administered and the Project supervised by IFAD.

Section E

1. The following are designated as additional grounds for suspension of the right of the Borrower to request disbursements:

- (a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of IFAD and IFAD, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project; and
- (b) The Project Manager or other key Project staff (Heads of Financial Management, Procurement and M&E officer) have been removed from the Project without the prior consultation with the Fund.

2. The following are designated as additional general conditions precedent to withdrawal:

- (a) The IFAD no objection to the final version of the PIM shall have been obtained;
- (b) The Project steering committee (PSC) shall have been established; and
- (c) The KIIWP1 Project Manager and key Project staff shall have been appointed as per Schedule 1 of this Agreement.

3. This Agreement is subject to ratification by the Borrower.

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

For the Borrower:

Ministry of Finance and Economic Planning
The Minister of Finance and Economic Planning
P.O. Box 158 Kigali
The Republic of Rwanda

For the Fund:

[click and type Title]
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated _____, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower and shall enter into force as provided for in Section 13.01 of the General Conditions.

REPUBLIC OF RWANDA

[insert NAME of the Authorised Representative]
[insert his title]

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Houngbo
President

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. Target population. KIIWP's direct target groups will comprise about 50,000 poor and food insecure rural households (HH) representing 225,000 persons who belong to the poorest Ubudehe categories 1, 2 and 3.
2. Project area. The Project area comprises the eight drought-prone sectors of the District of Kayonza in the Eastern Province of Rwanda. These sectors, namely Gahini, Kabare, Kabarando, Murama, Murundi, Mwiri, Ndego and Rwinkwavu are relatively hot, with limited rainfalls - averaging 900 mm per year - compared to the rest of the country, but have good potential for irrigation.
3. Goal. KIIWP's Development Goal is to 'Contribute to poverty reduction in the drought prone Eastern Province of Rwanda'. The Development Objective is to 'Improve food security and incomes of 50,000 rural households on a sustainable basis' and build their climate resilience. KIIWP will improve the resilience of smallholder farmers to droughts and effects of climate change through increased levels of production and productivity of selected food and cash crops, livestock and improved market access and business development.
4. Objectives. The main expected outcomes and outputs of the Project include (i) improved access to land, forests, water and water bodies for production purposes; (ii) increased acreage of farmland under water-related infrastructure; (iii) increased acreage of farmland under climate resilient management and practices; (iv) increased capacity of smallholder farmers and local government to sustainably manage natural resources and climate-related risks; (v) enhanced use by farmers, including youth, of technologies, equipment and infrastructure adapted to smallholder agriculture; and (vi) increased farmers' economic benefits from market participation and increased sales.
5. Components of KIIWP1. KIIWP1 will revolve around (i) the catchment rehabilitation and protection of areas where rainfed agriculture is practised; (ii) the provision of water for livestock and domestic purpose in the most drought-prone sectors of Kayonza; (iii) the preparation of the feasibility studies and Environmental and Social Impact Assessments (ESIAs) for large irrigation schemes; and (iv) the formation and capacity building of sub-catchment committees, Water for Livestock User Organizations (WLUOs), district and scheme committees.

KIIWP1 will consist of two components: A) strengthening resilience to droughts, and B) institutional development and project coordination.

Component A: Strengthening resilience to droughts

For KIIWP1, this component will cover the catchment rehabilitation and protection in rainfed areas; all preparatory activities for the irrigation development; the urgently required infrastructure for livestock and domestic purposes; and to be done under KIIWP2.

Sub-component A.1: Catchment Rehabilitation and Protection. This sub-component will support investments in catchment rehabilitation through the following investments: (a) sub-catchment planning; (b) land husbandry in rainfed areas; and (c) construction of boreholes and valley tanks to supply water for livestock and domestic use. Specific ESIAs and Environmental and Social Management Plans (ESMPs) will be developed for each interventions under this subcomponent.

Sub-component A.2: Irrigation Development. Feasibility Studies (FS) and ESIA for Irrigation Schemes will be undertaken for four potential irrigation schemes in Kayonza District, namely:

- (a) Ndego Sector Irrigation Scheme Kibare (400 hectares), Humure (600 hectares) and Byimana (400 hectares).
- (b) Kabare Sector Irrigation Scheme, with a potential net area of 600 hectares to be irrigated at Gakoma.
- (c) Kanyeganyenge Dam and Irrigation Scheme with a potential command area of 150 hectares at Kabarondo.
- (d) Gishanda Dam and Irrigation Scheme with a potential command area of 125 hectares at Kabare, to benefit over 400 households.

The results of the ESIA's and the FS will determine the exact location of the interventions which may include areas outside the above identified sectors and District boundaries.

Irrigation schemes that are identified to be environmentally, socially, technically and financially viable will be developed under KIIWP2. Specific ESMPs for activities under KIIWP1 will be prepared during implementation as part of the feasibility studies and ESIA's, as the location of the sites are identified and prepared.

Sub-component A.3: Infrastructure management institutions. Formation and strengthening management committees: In order to ensure long-term sustainability, KIIWP1 will support the institutional development of management committees that will be responsible for coordinating the planning and implementation of activities in the catchment plans.

Capacity building will take place, covering three key areas: (i) governance; (ii) technical water management (operation and maintenance); and (iii) monitoring and exchange of experiences. The capacity building will be based on a participatory Farmer Field School approach. Some key features of the institutions are:

- Scheme and District Steering Committees. As per Ministerial Instructions the project will support the establishment and strengthening of Scheme and District-level Steering Committees to support and oversee the functioning of the Water User Organizations (WUOs) and ensure optimal use of developed land at irrigation scheme and District level.
- Sub-Catchment management committees. In line with the national policy, KIIWP1 will support the setting-up and strengthening of sub-catchment management committees in each watershed. These committees will put in place regulations on use, conservation, protection and management of water resources.

KIIWP1 will start with establishing the exact boundaries of the different catchments and sub-catchments in Kayonza District through Geographic Information System (GIS) mapping.

KIIWP1 will support the preparation of sub-catchment management plans, involving the sub-catchment committees in order to ensure water resources protection and conservation by all in an integrated approach.

- Water for Livestock Users Organisations will be established, and existing ones strengthened, to ensure the management and sustainability of boreholes and valley tanks.

Sub-component A.4: Implementation of Environmental and Social Management Plans. Under this subcomponent, environmental and social management plans as identified by the ESIA's will be implemented.

Component B: Institutional development and Project coordination

This component is designed to strengthen government agencies to deliver Project outputs and to support policy dialogue and institutional development that will sustain Project interventions beyond Project completion of both phases.

Sub-component B.1: Support to policy dialogue and enabling institutional environmentKIIWP1 will strengthen institutions that can directly or indirectly support the implementation and provide policy supports that are needed for the effective implementation of the Project. Key activities and interventions foreseen under this sub-component include the below activities:

- Capacity building interventions will be identified for KIIWP staff under the Single Project Implementation Unit (SPIU).
- Gender and youth mainstreaming. Poverty and gender and youth studies will be conducted at baseline and in the third year. Initial studies will be used by RAB in connection with the SPIU to strengthen the targeting strategy and prepare a brief gender and youth action plan for KIIWP1.
- Support for policy dialogue will be provided through an evaluation of implementation and impact of new or existing policies related to the Project activities with relevant national, and district level stakeholders. Support for water management policies will be through the implementation of the recently enacted policies and legislation including Ministerial Instructions on Land Development, Conservation and Exploitation of Developed Land for the formation and registration of WLUOs and district and steering committees. In addition, KIIWP1 will strive to raise specific policy discussion points meant to address identified bottlenecks in Rwanda's agricultural sector, such as:
 - (a) Support to national policy on contract farming, making use of the tools developed through the implementation of the Legal Guide on Contract Farming developed by UNIDROIT, FAO and IFAD;
 - (b) Analyze the factors affecting rice value chain that makes Rwandan rice less competitive with regional products;
 - (c) Current issues of availability and quality of seeds, including multiplication.

Sub-component B.2: Project management and coordination. The objective of this sub-component is to provide the coordination arrangements, including the financial and human resources that are needed for the implementation of the Project.

II. Implementation Arrangements

6. Lead Project Agency. The Lead Project Agency will be the RAB, under the auspices of MINAGRI. RAB Director General (DG) will consequently become the Chief Budget Manager (CBM) of the Project, together with Rwanda Dairy Development Project (RDDP) and Climate Resilient Post-Harvest and Agribusiness Support Project (PASP) that were transferred under it.

7. Single Project Implementation Units (SPIU). The SPIU will be responsible for overall Project implementation in consultation with other relevant national agencies and ministries to ensure consistency with national policies. The SPIU established at national

level will be composed of Project staff either seconded or recruited, and will be headed by the SPIU Coordinator. The SPIU will be accountable to the RAB Director General who will be the executive level head responsible for the strategic direction of the Project. The SPIU will be responsible for Project coordination and management of fiduciary issues in conformity with the standards and requirements agreed upon between Borrower and IFAD.

The SPIU coordinator in place will also oversee and coordinate KIIWP activities that will be implemented at both the central and district level. In addition to the existing SPIU staff performing cross-cutting functions of finance/accounting, monitoring and evaluation (M&E), procurement and administration, KIIWP staff will be recruited to support its implementation. The proposed KIIWP staff positions include: a Project Manager, an accountant, an M&E officer in charge also of gender and youth, an irrigation specialist, an electromechanical engineer, a civil engineer, an environmental and climate specialist, a safeguards compliance specialist, and a procurement officer.

8. Project Steering Committee. A Project Steering Committee will be established, chaired by the Permanent Secretary (PS), MINAGRI, or his/her nominee, and co-chaired by RAB DG, RAB Head of Corporate Services and representatives from ministries and institutions with direct relevancy to the achievement of KIIWP's goal and development objective including Ministry of Finance and Economic Planning (MINECOFIN).

The PSC will provide strategic guidance towards the achievement of Project objectives and contribute to the higher level sector policy and strategic goals. The PSC will also be responsible for review and approval of Annual Work Plan and Budgets (AWPBs) and annual reports.

9. District-level Project Coordination Unit (PCU). At the District level, day to day management of KIIWP1 will be implemented by a District-level Project Coordination Unit (PCU) within the District of Kayonza. The PCU will be the main executing agency of KIIWP1 at the district level. The following additional staff are proposed to supplement district capacity to provide public services: an accountant for initiating KIIWP transactions at district, a WUO/WLUO specialist, a land husbandry (soil and water conservation) engineer, a cooperative development officer, a horticulture specialist and an irrigation technician.

The Parties shall agree at Project start –up on the modalities and scope of District level activities and these will be reflected in the AWPB and in the PIM.

10. Project Implementation Manual. The Borrower will finalize the development of the Project Implementation Manual (PIM) for the Fund's consideration and approval. The PIM will include, inter alia, a comprehensive financial management section, will provide more details on roles and responsibilities of Project and implementing parties, the establishment of a grievance redress mechanism and include internal audit requirements. As KIIWP will be implemented in two phases, the revision of PIM is set as one of the conditions to proceed to the second phase. The PIM will be amended to incorporate the findings of KIIWP1, subject to approval by the Fund.

III. Project Phasing

11. Phases. The Project shall be implemented in two phases over a six years period. Phase I is estimated to have a duration of 2.5 years and Phase II a duration of 3.5 years. A Phase Review shall analyse the specific minimum indicators that shall be used as triggers for the confirmation, by the Fund, of funding for, and the subsequent detailed design of, the Phase 2 of the Project.

KIIWP1 will be devoted to the necessary preparatory works, ahead of the large irrigation infrastructure activities and farm business development support that will take place during KIIWP2 once the FS and ESIA are completed and the irrigation schemes validated. Feasibilities studies and ESIA are expected to be ready by December 2020. Some activities initiated in KIIWP1, like the capacity building of district & scheme committees, sub-catchment committees and WLUOs might be continued based on their status and strength assessed towards the end of KIIWP1.

The activities expected to take place in KIIWP2 will be fine-tuned according to the results of the FS and ESIA to be produced and disclosed in accordance with the national environmental regulations and Social, Environmental and Climate Assessment Procedures (SECAP) guidelines.

12. Trigger Indicators. During the Phase Review, the following specific minimum indicators (“Trigger Indicators”) shall be reviewed and shall be the basis upon which the Fund shall decide whether to submit Phase 2 for approval of the IFAD Executive Board:

- (a) FSs identify irrigation schemes that are financially, economically, environmentally and socially viable and sustainable.
- (b) Third party satisfactory review of FSs, ESIA and Resettlement Action Plans (RAPs).
- (c) ESIA and RAPs are disclosed at local community level, national and IFAD website for a minimum 120 days.
- (d) Provision of a budget and commitment by the Government of Rwanda to implement the RAP and other ESMP activities identified by the ESIA.
- (e) Revision of the Project Design Report (PDR) and PIM to incorporate the findings of KIIWP1.

13. Phase II - KIIWP2. The anticipated components and activities in KIIWP2 comprise:

- (a) Strengthening resilience to droughts: this component will promote climate smart agriculture for irrigated and rain-fed lands through Farmer Field Schools. It will include investment on water harvesting and storage, irrigation infrastructure development and marshland development. This component will also include the promotion of good nutritional practices and the Gender Action Learning System.
- (b) Support to farm business development: this component will assist farmers to take advantage of the investments made under the component on strengthening resilience to droughts by strengthening their organizational and entrepreneurial skills and improving their backward and forward linkages to access input, service and output markets.
- (c) Institutional development and project coordination: this component will continue supporting the project as described under KIIWP1.

Building up on KIIWP1, KIIWP2 will continue to focus on strengthening resilience to droughts as the first component (Component A). Potential irrigation development will comprise the Ndego Irrigation Scheme (net 1,400 hectares), Kibare Irrigation Scheme (net 600 hectares), Kanyeganyege Irrigation Scheme (net 150 hectares + dam), and Gishynda Irrigation Scheme (net 125 hectares + dam). Depending on the findings from KIIWP1 FS, other irrigation schemes will be developed in place of the above, if they are found to be unviable.

Schedule 2

Allocation Table

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

Category	Loan Amount Allocated (expressed in SDR)	Allocation net of tax and other financiers' contribution, including Government
I. Goods	1 750 000	100%
II. Works	2 970 000	100%
III. Consultancies & non-consulting services	5 120 000	100%
IV. Training & Workshops	560 000	100%
V. Salaries & Allowances	1 030 000	-
VI. Operating Costs	140 000	100%
Unallocated	1 280 000	
TOTAL	12 850 000	

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

- (i) "Goods" includes Equipment, Materials and Vehicles
- (ii) "Works" includes land husbandry and related materials and inputs
- (iii) "Consultancies" includes non-consulting services

2. Disbursement arrangements.

- (a) Start-up Advance. Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 150 000, limited to categories I (excluding Vehicles) and III. Activities to be financed by Start-up Advance will require the no objection from IFAD to be considered eligible.
- (b) Procurement arrangements: The procurement of goods, works and services under the Project shall be conducted in accordance with the provisions of IFAD's Project Procurement Guidelines and Procurement Handbook as well as with the operational procedures and any other measures identified by IFAD.

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Parties shall carry out an assessment of the alignment of the Integrated Financial Management Information System (IFMIS) to IFAD's financing reporting requirements and the Borrower shall commit to carrying out any necessary customization as required.

2. Planning, Monitoring and Evaluation. The monitoring and evaluation of environmental indicators will be further refined on the basis of the finding of the ESIA's and Feasibility Studies. The ESIA's shall include feasible and cost-effective measures to maximise opportunities and prevent or reduce significant negative impacts.

The following will be the key elements of the M&E system for KIIWP1: (i) an M&E manual detailing scope, organisation and contents of the M&E system; roles and responsibilities; how data (sex- and age-disaggregated where appropriate) will be collected, analysed, reported, used and otherwise managed; timeline for M&E-related activities; staffing and capacity building plan; budget; etc.; (ii) annual M&E plans; (iii) project results chain, results framework and log frame; (iv) management information system; (v) baseline and completion surveys; (vi) mid-term review; (vii) annual outcome surveys; (viii) continuous progress monitoring of activities and outputs; (ix) risk assessment; (x) thematic studies, e.g. on targeting, gender, youth, formation of WLUOs, etc.; (xi) IFAD ORMS reporting; and (xii) field visits and joint implementation reviews.

3. Gender. A Gender, Targeting and Community Mobilisation Officer has been appointed in the MINAGRI SPIU to coordinate the implementation of the gender and targeting strategies.

4. Compliance with the Social Environmental and Climate Assessment Procedures (SECAP). The Borrower shall ensure that the Project will be implemented in compliance with IFAD's SECAP and more specifically that the following measures shall be taken: (a) all Project activities are implemented in strict conformity with the Borrower relevant laws/regulations; (b) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Project. In the event of unforeseen land acquisition or involuntary resettlement under the Project, the Borrower shall immediately inform the Fund and prepare the necessary planning documents; (c) women and men shall be paid equal remuneration for work of equal value under the Project; (d) recourse to child labour is not made under the Project; (e) the measures included in the Gender Action Plan prepared for the Project are undertaken, and the resources needed for their implementation are made available, in a timely manner; and (f) all necessary and appropriate measures to implement the Gender Action Plan to ensure that women can participate and benefit equitably under the Project are duly taken.

The Project will be coordinated through an Environmental and Social Management Framework (ESMF) to examine the risks and impacts of the proposed activities including potential environmental and social vulnerabilities. The ESMF summarizes a grievance redress mechanism to receive and facilitate resolutions of complaints from Project affected parties. The ESMF specifies the environmental and social management

requirements (including labour and working conditions, grievance redress system, health and safety).

To mitigate any adverse environmental and social impacts of the project, all watershed management schemes with a command area exceeding 100 ha will be subjected to an ESIA before funds are released for the specific investments.

5. Anticorruption Measures. The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, taking appropriate action to prevent, mitigate and combat Prohibited Practices.

6. Use of Project Vehicles and Other Equipment. The Borrower shall ensure that:

- (a) all vehicles and other equipment procured under the Component A of KIIWP1 are allocated to the SPIU and other Implementing Agencies for Project implementation;
- (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
- (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.