

Document:	<u>EB 2020/131/R.6/Add.1</u>
Agenda:	<u>5(b)(ii)(a)</u>
Date:	<u>20 November 2020</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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## **Federative Republic of Brazil**

### **Planting Climate Resilience in Rural Communities of the North-east Project**

#### **Addendum**

Executive Board — 131<sup>st</sup> Session  
Rome, 23 November 2020

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**For: Approval**

# **Planting Climate Resilience in Rural Communities of the North-east Project**

## **Addendum**

The attention of the Executive Board is drawn to the following addenda to the President's report on the Planting Climate Resilience in Rural Communities of the North-east Project (EB 2020/131/R.6).

Page 10, new paragraphs 56 and 57

The following paragraphs should be added:

56. The financing agreement and guarantee agreement with the borrower and guarantor, respectively, shall reflect the relevant financial and technical conditions to be agreed between the GCF and IFAD in the Funded Activity Agreement (FAA). In line with the GCF Accreditation Master Agreement, the Executive Board's approval of the project is a precondition for the signature of the FAA, and in accordance with GCF's practice of prioritizing projects that have obtained the accredited entities' approval, the FAA negotiations can be concluded only after the approval of the Executive Board. Accordingly, the negotiations of the financing agreement and guarantee agreement with the borrower and the guarantor will commence immediately after the FAA has been negotiated, with the objective of being concluded as early as possible within the first quarter of 2021.
57. In accordance with the above sequencing, the negotiated texts of the financing agreement and guarantee agreement will be submitted at a subsequent Executive Board session, together with any substantive change to the key terms of IFAD financing, which are presented in appendix IV.

## **Appendices**

The following appendix IV should be added:

## Appendix IV

### Key terms of IFAD financing

<b>Financing summary Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	Brazilian Development Bank (BNDES)
<b>Executing agency:</b>	BNDES
<b>Total project cost:</b>	US\$217.8 million
<b>Amount of IFAD loan:</b>	US\$30.0 million
<b>Terms of IFAD loan:</b>	Ordinary, with a maturity period of [...] years and a grace period of [.....] years at a rate of interest equivalent to IFAD's reference interest rate plus a [.....: variable or fixed] spread
<b>Cofinancier:</b>	Green Climate Fund
<b>Amount of cofinancing:</b>	US\$99.5 million
<b>Terms of cofinancing:</b>	Loan (US\$65.0 million) and grant (US\$34.5 million)
<b>Contribution of borrower/recipient:</b>	US\$73.0 million
<b>Contribution of beneficiaries:</b>	US\$15.3 million
<b>Amount of IFAD climate finance:</b>	US\$28.3 million
<b>Cooperating institution:</b>	IFAD
<b>Guarantor</b>	Federal Government of Brazil
<b>Legal instruments</b>	<p>Financing agreement between the Borrower and IFAD will constitute the legal instrument for extending the IFAD financing and the GCF co-financing to the borrower/recipient. Guarantee agreement between IFAD and the Guarantor (Federal Government of Brazil) will constitute the legal instrument to guarantee the Borrower's payment obligations of both IFAD and co-financer financing.</p> <p>Subsidiary agreements between the Borrower and each Participating State for the implementation of the state-level subproject activities</p>
<b>Governing law and Jurisdiction</b>	<p>The Financing agreement and Guarantee agreement shall be governed by, and construed in accordance with, public international law.</p> <p>Any dispute, controversy or claim arising out of, or in relation to, the Financing agreement and Guarantee agreement, shall be settled in accordance with the Arbitration Rules (2012) of the Permanent Court of Arbitration.</p>
<b>Authority</b>	<p>BNDES is empowered under its corporate laws and under Brazilian legislation to receive financing from IFAD and the Federative Republic of Brazil is empowered under Brazilian law to guarantee the financing. IFAD financing to BNDES represents funding to a national development bank, based on a due</p>

	diligence of the creditworthiness and implementation capabilities of BNDES
<b>Amendments</b>	Any amendment to the Financing Agreement shall only be made by mutual agreement between the Borrower/Recipient and the Fund, after having obtained the Guarantor's concurrence to such amendment, including the Project Completion Date and the Financing Closing Date.
<b>Negotiations of the Financing agreement and Guarantee agreement</b>	After Funded Activity Agreement between IFAD and GCF has been negotiated.
<b>Entry into force</b>	<p>The Financing Agreement shall enter into force once it is signed by both parties and subject to:</p> <p>a) The Federative Republic of Brazil and the Fund signing a Guarantee Agreement which has entered into force; and</p> <p>b) A favourable legal opinion from the Federal Government of Brazil, upon which the GCF shall be entitled to rely, confirming that the signature and performance thereof by the Borrower/Recipient of the Financing Agreement and of the Guarantee Agreement has been duly authorised and ratified by all necessary corporate action, and the Financing Agreement is legally valid and binding upon the Borrower/Recipient under Brazilian law in accordance with its terms regardless of any law to the contrary in its territory, and that the Guarantee Agreement is enforceable vis a vis the Guarantor in accordance with its terms.</p>