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Republic of Ghana

Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project (PROSPER)

Negotiated financing agreement

Executive Board — 134th Session
Rome, 13-16 December 2021

For: **Information**

Negotiated financing agreement:

"Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project (PROSPER)"

(Negotiations concluded on 10 December 2021)

Loan No: _____

Loan No: _____

Project name: Promoting Rural Opportunities, Sustainable Profits and Environmental Resilience Project ("PROSPER") ("the Project")

The Republic of Ghana (the "Borrower"), represented by the Ministry of Finance,
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 a loan from the Fund for the purpose of financing PROSPER described in Schedule 1 to this Agreement;

WHEREAS, the Fund has agreed to provide financing for the Project;

WHEREAS for this purpose, the Borrower shall make available counterpart financing for the Project upon terms and conditions set forth in this Financing Agreement.

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, amended as of December 2020, and as may be amended hereafter 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, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide financing (the "Loan"), to the Borrower which shall be constituted of a Loan on blend terms and a Loan on highly concessional terms, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan eligible to blend terms is thirty-five million, one hundred and seventy-five thousand dollars (US\$35,175,000).
2. The amount of the Loan eligible to highly concessional terms is seventeen million, three hundred and twenty-five thousand dollars (US\$17,325,000).
3. The Loan granted on highly concessional terms shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The Loan is payable semi-annually in the Loan Service Payment Currency. The Loan 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 of the Loan will be repaid at two per cent (2%) of the total principal per annum for years eleven (11) to twenty (20), and four per cent (4%) of the total principal per annum for years twenty-one (21) to forty (40).
4. The Loan granted on blend terms shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the Loan and payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty five (25) years, including a grace period of five (5) years starting from the date of approval of the Loan by the Fund's Executive Board.
5. The Loan Service Payment Currency shall be in the United States dollars (USD).
6. The first day of the applicable Fiscal Year shall be 1st January.
7. Payments of principal and interest shall be payable on each 15 April and 15 October.
8. The IFAD funds will be disbursed into a designated account denominated in United States dollars at the Bank of Ghana, and will be operated by the Project Coordination Unit (PCU) using the national system. An operational bank account in the local currency will also be used. The proceeds from the designated account will be used exclusively to finance eligible Project expenditures, as stipulated in Schedule 2 of this Agreement. Funds will be transferred periodically from the designated to the operational account for expenditures eligible for IFAD financing.
9. The Borrower shall provide counterpart financing for the Project in the amount of US\$ 22.5 million in the form of taxes and duties, and in-kind contribution.

Section C

1. The Lead Project Agency shall be the Ministry of Food and Agriculture of the Republic of Ghana.
2. The following are designated as additional Project Parties: Ministry of Trade and Industry (MoTI), Ghana Incentive-Based Risk Sharing Agricultural Lending Limited (GIRSAL); Ghana Commodity Exchange (GCX), ARB APEX Bank, Ghana Agricultural Insurance Pool (GAIP) and Participating Financial Institutions (PFIs). Additional Project Parties are described in Schedule 1.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.

4. The Project Completion Date shall be the eighth (8th) anniversary of the date of entry into force of this Agreement.

5 Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement laws, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Loan and supervise the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) Key Project staff shall have been transferred, suspended, or terminated without the Fund's prior no-objection; and
- (b) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.

2. The following are designated as additional grounds for cancellation of this Agreement:

- (a) The PIM or any provision thereof, has been waived, suspended, terminated, amended or substantially modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project, and the Borrower has not taken any measures to remedy the situation.

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

- (a) The IFAD no objection to the PIM, including the Financial and Administrative Manual and Procurement Guidelines shall have been obtained;
- (b) IFAD no objection to the appointment of the Project Coordinator and the Finance Manager has been obtained;
- (c) Key Project staff has been appointed as per section 8 Schedule 3 of this Agreement;
- (d) An appropriate and functional accounting software shall have been deployed at the Project Coordinating Unit; and
- (e) The Borrower shall provide counterpart contribution for the first Project year as specified in the first 18 months Annual Work Plan and Budget (AWPB).

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

For the Republic of Ghana:

The Chief Director
Ministry of Finance
Finance Drive, Accra
P.O. Box MB 40
Accra, Ghana

For the Fund:

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

[Copy to:]

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.

REPUBLIC OF GHANA

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Houngbo
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit the poor and poorest households, that should be 100,000 beneficiaries, with limited access to assets and economic opportunities due to, marginalization and the negative impacts of climate change. Vulnerable people within the poor rural population include: women (40 per cent); unemployed young women and men between 18 and 35 years (30 per cent); and economically active people with disabilities (5 per cent).
2. *Project area.* The Project will extend to all five regions in the Northern Belt, (Upper West, Upper East, North East, Savannah and Northern), and three neighbouring regions in the Middle Belt (Bono East, Bono and Oti) (*the "Project Area"*).
3. *Goal.* The goal of the Project is to contribute to reduced poverty, improved natural resources management and healthy, sustainable and climate resilient rural livelihoods.
4. *Objectives.* The objective of the Project is to strengthen the integration, climate resilience and environmental sustainability of smallholders and businesses in priority value chains (VCs) in the Northern and Middle Belts, taking advantage of increased demand generated by government efforts to strengthen agroprocessing.
5. *Phased approach.* The Project will start implementation in three adjacent regions in the Northern Belt to ensure filling of the financing gap and firming up implementation arrangements.
6. *Replication and scalability phase:* The Project will be scaled up to the remaining five target regions by the middle of the third year of implementation, according to four trigger conditions: (i) filling the financing gap (currently estimated at USD 22.7 million); (ii) Borrower meeting its PROSPER cofinancing commitments during the start-up phase; (iii) MoUs with implementing partners established and progressing well; and (iv) satisfactory arrangements in place with regard to the operation of the Matching Grants and Blended Finance Facility.
7. *Components.* The Project shall consist of the following Components:
 - 7.1 *Component 1: Development of rural institutions and socio-economic infrastructure.* The component will be implemented through two sub-components:
 - 7.1.1 *Sub-Component 1.1: Capacity-building of rural institutions, MSMEs and households.* The objective is to comprise a range of institution-building and skill-transfer activities aimed at enabling target groups to: (i) take ownership of and accountability for their own development initiatives; (ii) promote sustainable community-based natural resource management; (iii) strengthen their ability to implement modern, sustainable and climate-resilient farming; and (iv) adopt healthier diets and gender equity.
 - 7.1.2 *Sub-Component 1.2: Development of socio-economic infrastructure.* The objective is to realize some of the investments in public goods chosen by local communities through the cluster planning process. Three complementary types of climate-resilient infrastructure will be eligible: (i) off-farm or watershed works, and hazard mitigation measures; (ii) feeder roads and farm tracks; and (iii) communal social infrastructure.
 - 7.2 *Component 2: Strengthening economic benefits for smallholders and small operators around selected agricultural value chains.* The component will be implemented through two sub-components:
 - 7.2.1 *Sub-component 2.1: Sustainable market linkages and business development,* which comprises three activities:

- (i) Value chain analysis will examine each selected national value chain and map the actors close to target communities;
- (ii) Promotion of linkages between producers and value chain actors will aim at promoting sustainable and equitable contractual agreements between producers engaged in climate-resilient farming and large-scale agribusinesses. These agreements will focus on rural institutions and MSMEs that demonstrate interest and potential during capacity-building interventions.
- (iii) The Project will generate sound, achievable and fully costed business *plans* suitable to the resources and prospects of each entity, green in design, and climate resilient.

7.2.2 *Sub-component 2.2: Access to rural financial services* aims to promote a savings culture among beneficiaries, facilitate the implementation of business plans and ensure enduring access to affordable financial resources. Through rural institutions and related MSMEs, farmers will be integrated into expanding value chains and have lasting access to affordable financial services for developing agribusinesses – including green investments – to stimulate rapid sectoral development. Financial services supported by the project will be structured around three instruments tailored to the capacities of beneficiary groups.

- (i) The first, *savings and loans*, will aim to spark greater savings within target communities.
- (ii) The second, *a matching grants fund*, will facilitate emerging rural institutions' engagement in commercial agriculture and smaller MSMEs' participation in selected value chains through support to business plans referred to in 7.2.1 (iii), developed by the poorest groups and smaller enterprises. It will also support the promotion of food and nutrition security among the most vulnerable groups.
- (iii) The third, *a blended finance facility (BFF)*, will operate to ensure sustainable access to financial services for growing rural institutions and MSMEs while crowding in private capital. The BFF will include inter-alia lines of credit from the GCF/Inclusive Green Finance Initiative (IGREENFIN). The BFF will be established and managed by the ARB-APEX Bank and disbursed through Participating Financial Institutions.

II. Implementation Arrangements

8. *Lead Project Agency ("LPA")*. The Project Implementation Agency will be the Ministry of Food and Agriculture of the Republic of Ghana ("LPA").

9. *Project Steering Committee*. The LPA will establish a **Project Steering Committee** (PSC) to provide overall oversight of project implementation. It will be chaired by the Chief Director of MoFA and include representatives of Ministry of Finance (MoF), Ministry of Trade and Industry (MoTI), Ministry of Local Government, Decentralization and Rural Development (MLGDRD) and all relevant ministries and agencies, Bank of Ghana, ARB Apex Bank and regional coordinating councils from the Project Area (refer to the PIM). Members shall include private sector non-state actors (such as NGOs) and youth and women who operate along the relevant agricultural VCs as practitioners or advocates. The PSC will meet at least twice a year, and as necessary. The main responsibilities of the PSC will include: (i) providing strategic and policy guidance to the Project Coordination Unit (PCU); (ii) ensuring overall conformity with government policies and strategies; (iii) reviewing project progress and performance; (iv) approving the AWPB; (v) resolving implementation problems or conflicts; and (vi) assisting the PCU in obtaining government assistance for the Project when needed.

10. *Project Coordination Unit (PCU)*. The Project will be implemented through the Project Coordination Unit, which will be established in an implementation area of PROSPER, envisaged to be located in Tamale. The PCU will be responsible for coordination of project activities and for fiduciary, climate change and environmental and social safeguards, including gender and vulnerability. The PCU will operate under the supervision of the Directorate of Agricultural Extension Services (DAES), which will provide direct oversight. The PCU will be responsible for all financial management of the Project. The financial management system will meet the fiduciary requirements of IFAD, the Borrower and other stakeholders. The PCU will oversee and implement all procurement transactions, including procurement carried out by GCF funding.

11. *ARB-APEX Bank*. The ARB-APEX Bank will establish the BFF, blending resources from different sources including GCF/IGREENFIN and IFAD loan under PROSPER. A standalone MoU will be signed between MoFA/PROSPER and ARB-APEX Bank. A dedicated team (Project Investment Unit - PIU) reporting to the PCU will be anchored within ARB Apex Bank to manage the BFF. The PCU and dedicated team at APEX Bank will be responsible for following up on the compliance with the IGREENFIN Operational Manual regarding investments to be supported by the Matching Grant Fund and the BFF.

12. The PCU staff shall be hired by the Lead Project Agency competitively and in accordance with criteria and procedures to be developed in agreement with the Fund. The appointment of such personnel shall have IFAD's prior no objection. The Terms of Reference (ToRs) for Project staff shall be included in the PIM. The PCU of this Project will be established on the platform of the PCU of the IFAD - financed Ghana Agricultural Services Investment Project (GASIP).

13. *Implementing partners*. Key implementation partners will include selected MoFA departments, Ministry of Local Government, Decentralisation and Rural Development (MLGDRD), District Departments of Agriculture, Regional Departments of Agriculture, ARB-APEX Bank, Ministry of Trade and Industry (MoTI), Ghana Enterprises Authority (GEA) including Business Resource Centres (BRCs) and Business Advisory Centres (BACs), Ministry of Environment, Science, Technology and Innovation (MESTI), Ghana Commodity Exchange (GCX), Ghana Incentive Based Risk Sharing Agricultural Lending (GIRSAL) and Ghana Agricultural Insurance Pool (GAIP). PROSPER will enter into MoUs with the above entities that will outline implementation modalities and the role of each of these partners. From a safeguards and climate change stand point, the PCU will be working closely with Environmental Protection Agency (EPA) and the Environment and Climate Change Unit of MoFA at District, Regional and National levels to ensure consistency and compliance of project implementation with national regulations and the SECAP guidelines.

14. *Monitoring and Evaluation*. The PCU will be responsible for preparing the annual workplan and budget (AWP/B) and procurement plan for the Project, and for securing approval from its management and IFAD. The plan will include an activities plan along with targets and an expenditure plan and should reflect overall project targets and activities.

15. *Knowledge Management*. A comprehensive knowledge management action plan will be developed in the early stages of implementation. Output, outcome and impact data generated by the M&E system will inform case studies, briefs and reports. These will be used for policy dialogue, peer learning and potential scaling up. Knowledge management products will be communicated through multiple media, including blogs, written publications, video and social media. PROSPER will participate in, contribute to and benefit from the South-South-Triangular-Cooperation activities under IGREENFIN regional activities.

16. *Project Implementation Manual*. The PCU shall be responsible for the finalisation of a Project Implementation Manual (PIM) that shall describe: (i) implementation of project activities; (ii) the administration of Loan proceeds and Project Parties' responsibilities; (iii) financial management and procurement procedures; and (iv) monitoring and evaluation of Project progress and results. The PIM shall be approved by the Project

Steering Committee, before IFAD's non objection is obtained. To ensure that the Blended Finance Facility will provide Green financing, the eligibility criteria in the IGREENFIN operational manual for green investments will be applied to all Blended Finance Facility financing. The Operational Manual of IGREENFIN will be considered part of PROSPER PIM and its provisions will apply to GCF and IFAD investments. The dedicate team (PIU) in APEX Bank and PROSPER PCU, which include climate and safeguards specialists along with PROSPER M&E team will verify adherence to the provisions of the PIM and the Operational Manual of the IGREENFIN.

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 USD)	Percentage
1. Civil work	15 200 000	100 % net of: Borrower and beneficiary contribution
2. Equipment and materials	910 000	100 % net of: Borrower and beneficiary contribution
3. Consultancies and training	7 860 000	100 % net of: Borrower and beneficiary contribution
4. Grants and subsidies	10 420 000	100 % net of: Borrower and beneficiary contribution
5. Credit, guarantee funds	11 020 000	100 % net of: Borrower and beneficiary contribution
6. Operating costs	1 840 000	100 % net of: Borrower and beneficiary contribution
Unallocated	5 250 000	
TOTAL	52 500 000	

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

- (i) Category 1: "Civil works" includes construction, renovation and rehabilitation
- (ii) Category 3: "Consultancies and training" includes workshop
- (iii) Category 4: "Grants and Subsidies" includes the matching grant fund.
- (iv) Category 5: "Credit, guarantee funds" includes blended loans under the Blended Finance Facility.
- (v) Category 6: "Operating costs" includes salaries, allowances and operating expenses

2. *Disbursement arrangements*

(a) *Start-up Costs.* To facilitate a prompt start up, withdrawals in respect of expenditures for start-up costs in the services and recurrent costs categories incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500,000. Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible. The start-up funds will include inter alia: (i) establishment of the PCU and salaries of key staff; (ii) formulation of the Project Implementation Manuals including the financial

procedures, accounting and procurement manual; (iii) preparation of the first annual work plan and budget (AWPB) and procurement plan; (iv) organization of a start-up workshop; (v) deployment of a suitable accounting software; (vi) finalization of the scope of work and the terms of reference (ToRs) of the internal auditor as well as report format; and (vii) finalization of the agreement/MoU templates to be used with the implementing partners.

(b) Co-financiers. The financiers of PROSPER are Government, IFAD, Green Climate Fund (GCF) (Grant, Adaptation and Mitigation), participating financial institutions (PFIs), private sector and beneficiaries (RIs, MSMEs and local communities). The contribution of GCF is as follows: GCF adaptation is USD 13.8 million; GCF mitigation is USD 6.9 million; and GCF grant is USD 4.7 million. Government of Ghana's contribution is estimated at USD 22.5 million mainly in the form of tax exemptions and GoG staff costs. Beneficiaries' in-kind and cash contribution is estimated at USD 19.1 million, mainly through Business Plans. PFIs and the private sector represent USD 4.9 million.

Schedule 3

Special Covenants

I. General Provisions

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 six (6) months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Gender.* The Borrower shall ensure gender equality. Due to limited employment-opportunity- induced migration of men from the rural areas, women continue to shoulder the responsibility of the family and its livelihood activities. The income from these activities for majority of the rural households is inadequate to act as an incentive for reverse migration.
5. *Land tenure security.* The Borrower shall ensure that the land acquisition process, if any, will be completed and that compensation processes will be consistent with applicable laws.
6. *Audit.* The Borrower shall ensure that PROSPER shall appoint, based on terms of reference approved by the Fund, the Audit Service of Ghana (GAS), to audit the financial statements of the entire Programme on an annual basis, in accordance with international auditing standards and IFAD guidelines on Programme Audits. An audited annual financial statement for the entire Programme, together with a management letter on audit observations on internal controls, shall be submitted to the Fund within six (6) months of the fiscal year end.
7. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
9. *Ifad Client Portal (ICP) Contract Monitoring Tool.* The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the

procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

10. *The Key Project Personnel are:* National Project Coordinator, Financial Manager, two accountants, Senior Policy, Monitoring and Evaluation and Knowledge Management officer and assistant, Procurement and Contract Officer, Senior Value Chains / Agribusiness Expert and two junior officers; Infrastructure Expert, Rural Financial Services Expert, a geographic Information System Specialist. From a safeguards and climate change standpoint, the PCU will embed a Safeguards and Climate Specialist and Gender, Social Inclusion and Vulnerability Specialist to work with EPA and Environment and climate Change Unit of MOFA to ensure consistency and compliance of project implementation with national regulations and the SECAP guidelines. The PIU in the ARB-APEX Bank will comprise a BFF Coordinator and two field officers supported by a dedicated Gender, Social Inclusion and Vulnerability Officer and Safeguards and Climate Officer. In order to assist in the implementation of the Project, the PCU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour laws and the ILO International Labour Standards in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the project's circumstances.

II. SECAP Provisions

1. The Borrower shall carry out the preparation, design, construction, implementation, and operation of the Project in accordance with the nine standards and other measures and requirements set forth in the Updated Social, Environmental Climate Assessment Procedures of IFAD ("SECAP 2021 Edition"), as well as with all applicable laws of the Borrower and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Borrower shall not amend, vary or waive any provision of the SECAP 2021 Edition, unless agreed in writing by the Fund in the Financing Agreement and/or in the Management Plan(s), if any.

2. For sub-projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the sub-project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs); the Project social and environment categorization B and climate categorization (high) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects; and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the ESCMPs and Management Plan(s), unless agreed in writing by the Fund and if the Borrower has complied with the same requirements as applicable to the original adoption of the ESCMPs and Management Plan(s).

3. The Borrower shall not, and shall cause the LPA, all its contractors, its sub-contractors and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.
4. The Borrower shall cause the LPA to comply at all times while carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.
5. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project -affected area, in a form and language understandable to Project -affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).
6. The Borrower shall ensure or cause the ELPA to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the Management Plan(s), if any.
7. The Borrower will ensure that a Project -level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Project's activity and its potential impacts to promptly receive and resolve concerns and complaints (e.g. compensation, relocation or livelihood restoration) related to the environmental and social performance of the Project for people who may be unduly and adversely affected or potentially harmed if the Project fails to meet the SECAP standards and related policies. The Project-level grievance mechanism needs to take into account indigenous peoples, customary laws and dispute resolution processes. Traditional or informal dispute mechanisms of affected indigenous peoples should be used to the greatest extent possible.
8. Any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during project implementation that, with respect to the relevant IFAD Project:
 - (i) has direct or potential material adverse effect;
 - (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
 - (iii) gives rise to material potential liabilities.

The Borrower shall ensure or cause the LPA, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the ESCMPs and Management Plan(s) (if any) are respected. In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project -level grievance mechanism according to the SECAP requirements;

- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur within the Project or Borrower's activities within the ESMF. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and -violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegation that require intervention by the police/other law enforcement authorities, such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

9. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semiannual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports ; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

10. The Borrower shall fully cooperate with the Fund concerning supervision missions, midterm reviews, field visits, audits and follow-up visits to be undertaken in accordance with the requirements of SECAP 2021 Edition and the Management Plan(s) (if any) as the Fund considers appropriate depending on the scale, nature and risks of the Project.

11. In the event of a contradiction/conflict between the Management Plan(s), if any and the Financing Agreement, the Financing Agreement shall prevail.