
Federal Republic of Somalia
Rural Livelihoods Resilience Programme
Negotiated financing agreement

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Negotiated financing agreement

Rural Livelihoods Resilience Programme

(Negotiations concluded on 07 December 2023)

Grant No:

Project name: Rural Livelihoods Resilience Programme ("RLRP"/"the Programme")

The Federal Republic of Somalia (the "Recipient")

and

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

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

WHEREAS the Recipient has requested a Debt Sustainability Framework (DSF) grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement;

WHEREAS the Fund has agreed to provide financing for the Programme;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme 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 2022, 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 a DSF grant to the Recipient, which the Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the DSF grant is eleven million, six hundred thousand United States dollars (USD 11 600 000) (the "Grant/ the "Financing").
2. The first day of the applicable Fiscal Year shall be 1 January.
3. A specific Designated Account in United States Dollars for the exclusive use of the Programme will be opened in the Central Bank of Somalia in order to receive funds pertaining to the Grant. The Recipient shall inform the Fund of the officials authorized to operate the Designated Account.

4. The Recipient, including its federal member states shall provide counterpart funding for the purpose of the Programme for an amount of USD 2 700 000 equivalent in cash and in kind to contribute to activities included in subcomponents 1.2, 2.2 and 3.1. Beneficiaries will also make in kind contributions to the Programme amounting to USD 3 000 000 for activities included in subcomponents 1.2, 2.1 and 2.2.

Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture and Irrigation (MoAI).
2. Additional Programme parties are described in paragraph 11, Schedule 3 of the Agreement.
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 Programme.
4. The Programme Completion Date shall be the 8th anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be as specified in the General Conditions.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the Recipient's procurement methods and regulations to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Grant and supervise the Programme.

Section E

1. The following is designated as an additional ground for suspension of this Agreement:
 - (a) The Programme 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 Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Programme; and
 - (b) The following key Programme personnel are terminated and/or suspended without seeking IFAD's prior no-objection: (i) National Programme Coordinator (NPC); (ii) Financial Controller (FC); (iii) Programme Accountant; (iv) Procurement Specialist; (v) Agro-pastoral Value Chains and Rural Development Specialist; (vi) Gender and Social Inclusion Specialist; (vii) Environment and Climate Specialist to be sourced from the MoECC; and (viii) M&E Specialist.
2. The following is designated as an additional ground for cancellation of this Agreement:
 - (a) In the event that the Recipient did not request a disbursement of the Financing 12 months without justification.
3. The following are designated as additional conditions precedent to withdrawal:
 - (a) The IFAD no objection to the PIM shall have been obtained;
 - (b) The key programme staff shall have appointed and approved by the Fund as detailed under Paragraph 10 of Schedule 3; and

- (c) The programme accounting software has been set-up to account for programme expenditures in line with IFAD requirements.

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

For the Recipient:

[-----]

For the Fund:

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

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Recipient.

FEDERAL GOVERNMENT OF SOMALIA

[Authorized Representative name]
[Authorized Representative title]

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

[The President]

Date: _____

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. *Target Population.* The Programme shall benefit 30,000 poor small-scale agro-pastoral households, corresponding to 180,000 persons, engaged in cropping, and small livestock production who have little access to assets and economic opportunities due to social exclusion, marginalisation, conflict and the negative impact of climate change.
2. *Programme area.* The Programme will be initially launched in two jointly selected Federal Member States (FMS) with five districts: South West State (Bay, Bakool and Lower Shabelle districts) and Jubaland (Gedo and Lower Juba districts) (the "Project/Programme Area"). Based on the implementation experience, funding availability and the conflict dynamics, selected programme activities will be scaled up either within the initial districts, within the initial FMS, or to other FMS, most likely during the midterm review.
3. *Goal.* The goal of the Programme is to achieve improved and resilient livelihoods of rural smallholders in Somalia.
4. *Objectives.* The development objective of the Programme is to sustainably increase productivity, incomes and nutrition security and enhance the resilience of rural smallholder families in Somalia.
5. *Components.*

The RLRP comprises three components: (1) Support to community resilience, whose outcomes are strengthened and inclusive communities with enhanced social cohesion that are able to define their livelihood development pathways and manage conflict; (2) *Support to Smallholder Livelihoods Enhancement*, whose outcomes are: increased production and productivity of priority crops and livestock for resilience, dietary diversity, food security, and improved incomes, as informed by the CDP; and (3) programme coordination and capacity building, whose outcomes are improved local governance due to a strengthened policy and institutional environment and sustainable local and national policies thanks to an efficiently and effectively managed programme

- 5.1. Component 1: Support to community resilience consist of two subcomponents. The core activities of the subcomponent 1.1 (Strengthening community governance and services), are to comprises a range of institution-building and skills development activities to enable the programme communities to own and be accountable for development initiatives. Key activities include: (i) development of district profiles; (ii) mobilisation of communities; (iii) development of the CDP; and (iv) capacity building of existing and newly-formed community institutions to serve their members and on disaster risk management. Subcomponent 1.2 (Community investment support) will finance investments prioritised in the CDP including: (i) community-based water sources for domestic use and crop and livestock production; (ii) rehabilitation of irrigation canals; (iii) migration to pressurised irrigation networks using solar-powered pumping systems; (iv) surface water harvesting; (iv) rehabilitation/ construction of post-harvest management(PHM) and processing facilities, community-owned grain reserves, grain drying technology, cold chain facilities in major rural markets, and livestock market sheds.
- 5.2 Component 2: Support to Smallholder livelihoods consist of two subcomponents as well. Subcomponent 2.1 (Strengthening resilience in crop and livestock value chains (VC)), will *support*: (i) pluralistic approach of crop and livestock extension services; (ii) improved animal health, through training and equipping community animal health workers; (iii) promotion of improved inputs and CSA technologies through training and demonstrations;(iv) access to productive inputs; (v) build the capacity of farmers on PHM, market linkages, and diversified production for nutrition-sensitive cooking techniques; and (vi) targeted support to disadvantaged HHs in crop and livestock production. Subcomponent 2.2 (Entrepreneurship for VC development), will support the development of the entrepreneurial skills of youth and women in agricultural and related services, with a focus

on increased incomes and job creation. The activities under this subcomponent include: (i) studies to inform agribusiness development in programme districts; (ii) support entrepreneurship development through capacity development; (iii) support access of youth and women to financial services for business development along the priority VCs. Finally, subcomponent 2.3 is an emergency subcomponent which can be activated in case of a natural disaster or social emergency. Emergency activities include (i) productivity enhancement and (ii) emergency small scale infrastructure rehabilitation.

- 5.2 Component 3: Programme Coordination and Capacity Building, will support: (i) programme coordination; (ii) capacity needs assessment and capacity building; (iii) financial management; (iv) M&E; and (v) evidence-based policy development.

II. Implementation Arrangements

6. *Lead Programme Agency.* The Ministry of Agriculture and Irrigation (MoAI) is the Lead Implementation Agency for the Project.

7. *Programme Oversight Committee.* A Programme Steering Committee (PSC) under the Ministry of Agriculture and Irrigation (MoAI), the Lead Implementation Agency, will provide oversight and guidance to the implementation of the RLRP nationally. Specifically, the PSC will approve the annual work plan and budget (AWPB) and review the reports and audit of the RLRP. A State Programme Steering Committee (SPSC) will be established in each participating FMS to provide oversight and guidance to the implementation of the RLRP at the state level.

8. *Programme Management Unit.* The National Programme Coordination Unit (NPCU), reporting to the MoAI, will be responsible for: (a) managing the procurement of goods, works and services for the implementation of all programme activities; (b) developing the AWPB; (c) undertaking the M&E and KMC of programme activities; and (d) reporting on implementation progress and results to IFAD and MoAI. The NPCU shall comprise of competitively recruited staff. A lean State Programme Coordination Unit (SPCU) will be responsible for the day-to-day implementation of the programme at the FMS level. Reporting administratively to the Minister of the MoAI and technically to the NPCU.

9. *Monitoring and Evaluation and Knowledge Management.* The Monitoring and Evaluation System ("MES") will be developed on an approved and validated M&E Plan. It will focus on monitoring the indicators of the logical framework and addressing evaluation needs during programme implementation. Parallel to the construction of the MES, information will be gathered to establish the baseline situation of potential programme beneficiaries prior to implementation. The knowledge management (KM), learning, and communication activities will adhere to the guidelines outlined in the Knowledge Management and Communication (KMC) Plan. This tool will play a critical role throughout the activity planning process as an integral component of the programme monitoring and evaluation framework.

10. Most of the innovations from past and ongoing projects in Somalia are digital technologies that were a response to the multiple shocks the country went through in recent years. Candidate innovations include: (i) the e-FOP platform from FSSFS, (ii) the Biometric Registration Identification and management system from FSSFS and (iii) the use of pictorial evaluation tools from PET. The RLRP will adapt these innovations for scaling up, as the fragility situation still persists in Somalia, while exploring opportunities to identify innovations that may come up during implementation.

11. *Programme Implementation Manual (PIM).* Based on the draft PIM developed during design (Annex 8 of the Project Design Report), the NPCU shall finalize the PIM, submit it for approval to the PSC and to the Fund for no-objection. The PIM will comprise of three parts: (i) the administrative, accounting, financial and procurement; (ii) the operations/implementation; and (iii) the monitoring and evaluation (M&E). When so approved, a copy of the PIM shall be provided by the NPCU to the Fund. The PIM may be amended when necessary to introduce clarifications in procedures, eliminating constraints for implementation and/or facilitating access of producers to the programme services subject to the Fund's no-objection.

12. *Implementation readiness and start-up plans.* In the early stages of implementation, the following activities will take place to ensure implementation readiness: (i) recruitment of the key staff; (ii) refinement of the 18-month draft AWPB and PP; and (iii) procurement of goods and services required for programme start-up. With the programme staff in place, a start-up workshop will be organised with all stakeholders and implementation partners at the federal, FMS and district levels, to: acquaint the participants with the implementation modalities of the RLRP and the IFAD guidelines and procedures; refine the draft PIM; and, enrol in and train relevant RLRP staff on IFAD corporate systems, such as the Online Project Procurement End-to-End System (OPEN) which promotes transparency, competition and value for money.

13. *Supervision, midterm review and completion plans.* Supervision and implementation support missions will be organised jointly by the FGS and IFAD to address implementation related issues and review progress. An early implementation support mission will be mobilised within the first three months of the programme effectiveness to cover any gaps in the PIM and PDR. In the early stages of implementation, IFAD will aim at conducting annually two supervision and implementation support missions, one remote and one in person.

14. *Financial Management*

- (a) Accounting and Financial Reporting. The accounting hub of RLRP will be the MoAI (with the NPCU as its Secretariat). RLRP will rely on the government Somalia Financial Management Information System (SFMIS) which will be configured to process payments directly from the Designated Account (DA) as well as to ensure accounting of all expenditures by sources of financing, components and categories. Therefore, on one hand the SFMIS is a payment processing platform while on the other hand it will function as the programme accounting software. In line with government regulations and practices, the RLRP will adopt the International Public Sector Accounting Standards - Cash Basis. The NPCU will be responsible for the preparation of quarterly and annual consolidated financial reports as well as monthly management accounts. The quarterly reports will be submitted to IFAD 45 days after the end of each reporting period. Unaudited financial reports will also be submitted to IFAD within 4 months from the end of the fiscal year.
- (b) Budgeting: The SFMIS also has a budgeting tool. The programme AWPB will always be part of that of the MoAI budget, but clearly coded with filter features. The annual budget will be approved within the government budget system through the budget law. The national budgeting window opens in September with another window only opening up the following June. The first budget for RLRP will therefore be captured in the June 2024 budgeting. After approval, the budget is then posted by the Budget Department of the MoF. SFMIS can automatically generate budget follow-up reports and block payments on activities that have exceeded their budget allocations.
- (c) Internal controls. RLRP will dispose of a solid internal control system, which will be ensured by a strict segregation of duties among project staff and by the additional layer of checks and controls embedded in the SFMIS system. In the transaction processing and approval cycle, passed through the SFMIS, a key role will be played by the office of the Accountant General who will perform additional checks and validate each transaction before they are sent for payment at the Central Bank. All physical supporting documents will be held at the NPCU, archived and stored appropriately as defined in the PIM. During the start-up of the programme, IFAD will also explore the possibility of including the RLRP in the work plan of the internal control unit of the MoAI.
- (d) External Audit: The Supreme Audit Office of Somalia has the statutory responsibility to audit all Government projects such as the RLSP. At their discretion, and in consultation with IFAD, the Supreme audit office can appoint private audit firms to carry out the audit. IFAD will review the audit Terms of Reference and provide no-objection prior to commencement of the audit. The auditing standards applied will be the international standards on auditing. The audit calendar and other processes are detailed in the PIM.

- (e) Procurement. The Programme Steering Committee (PSC) will approve the AWPB and review the reports and audit of the RLRP. The NPCU under the MoAI will be responsible for: (a) managing the procurement of goods, works and services and contract implementation for all programme activities; (b) developing the AWPB, and undertaking the M&E and KMC of programme activities; and (c) reporting on implementation progress and results to IFAD and MoAI. The procurement of goods, works and services of RLRP shall be carried out in accordance with the provisions of the IFAD Procurement Guidelines. The Programme will periodically review the application of related procurement laws, regulations and procedures; and, the adequacy and performance of the procurement plan (PP) including its information disclosure. The procurement activities will be conducted in a manner ensuring consistency, fairness, value for money, competition and efficiency. Particular attention will be provided and resources directed to implementing procurement provisions and building procurement capacities during the start-up period.
- (f) An 18-month initial Procurement Plan has been developed at design, referencing the AWPB for the same period, and thereafter will be prepared and updated consistently. The PP will have information on the types and methods of procurement. As an added risk mitigation measure, procurement will be categorised as either prior or post review. In the prior review category, a no-objection from IFAD has to be obtained through the IFAD procurement system for each phase of a bid, starting from Expression of Interest to Evaluation to Contract Signing. The thresholds on procurement value will be determined according to the procurement risk assessment of the implementing agency. It will further be ensured that in all procurements, the methods proposed in the PP will be followed.
- (g) Negotiations will not be permitted for Goods and Works tenders. Negotiations will only be permitted for consulting services as per national procurement rules. Supervision of Works contracts will be done inter-departmentally. Procurement will be conducted by the implementing agencies according to the level of authority structured for the RLRP. A detailed list of common items will be prepared for procurement through the NPCU. All the implementing agencies are required to have the relevant experience and training in the procurement function. Once the new IFAD procurement system is implemented, the required training of staff will be proposed at the appropriate time.
- (h) Governance. The Public Procurement, Concessions and Disposal Act of 2015 of Somalia, has no Standard Bidding Documents (SBDs), and some key procurement information is not published on the MoF website, <https://mof.gov.so/public-procurement>. In the absence of an independent assessment, e.g. Public Expenditure and Financial Accountability, to justify the application of the procurement methods, the RLRP will use the IFAD Project Procurement Guidelines and Handbook and SBDs. Procurement opportunities will be advertised on 'somalijobs.net', in a widely circulated newspaper, and on the 'Relief Web' (reliefweb.int), and the United Nations Development Business for International Competitive Bidding. Procurement will be monitored through IFAD's project contracts management and monitoring systems, supported by information from TPIPs, and community-watch arrangements to increase confidence. Considering Somalia's Corruption Perception Index ranking of 180th (of 180 countries assessed) in 2022, the RLRP shall apply: the Debriefing, Protest and Appeal mechanisms of the IFAD Procurement Handbook; and integrate the Revised IFAD Policy on Combating Fraud and Corruption, the corruption reporting hotline, and IFAD's contact details for reporting corruption, in all bidding documents.

Schedule 2

Allocation Table

1. *Allocation of Grant Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant 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 | IFAD Grant (allocated in USD) | Percentage net of taxes, contributions from Government, FMS and beneficiaries |
|-------------------------------------|--|--|
| I. Works | 2 180 000 | 100% |
| II. Trainings and capacity building | 1 370 000 | 100% |
| III. Consultancies | 2 520 000 | 100% |
| IV. Goods services and inputs | 2 000 000 | 100% |
| V. Salaries and operating costs | 2 370 000 | 100% |
| Unallocated | 1 160 000 | |
| Total | 11 600 000 | |

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

- (i) Category III. Consultancies also includes expenditures related to studies and technical assistance.
- (ii) Category IV. Goods Services and Inputs, also includes expenditures related to equipment and materials.
- (iii) Category V. Salaries and allowances, also includes expenditures related to office operating costs.

2. *Disbursement arrangements*

Start-up Costs. Withdrawals in respect of expenditures for start-up costs (in Trainings, Salaries and Allowances and Consultancies Categories) incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 162,000. Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.

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 Recipient to request withdrawals from the Grant Account if the Recipient 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 Programme:

1. Within 6 months of entry into force of the Financing Agreement, the Programme 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 Programme 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 Recipient shall ensure that (i) 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 Recipient shall ensure that gender is taken into account in the implementation of the Programme as follows:
 - a. A dedicated staff will be recruited for gender and social inclusion aspects;
 - b. A strategy and programme-type action plan will be established at project start-up;
 - c. Budget has been allocated for specific gender- and youth-related activities;
 - d. Quotas have been set for women (50%) and youth (40%) as a percentage of beneficiaries, and all collected and analysed data will be disaggregated by sex and gender;
 - e. Information campaigns and outreach events targeting women and youth will be carried out during programme implementation;
 - f. Female and young trainers will be mobilized;
 - g. Gender parity in the NPCU/SPCU will be encouraged.
 - h. Responsibility for gender mainstreaming will be included in the terms of reference of all key programme staff and service providers; and
 - i. In all its activities, compliance with IFAD's policy on preventing and combating sexual harassment, exploitation and abuse will be sought. This will be reflected in the terms of reference of all programme staff and service providers.
5. *Indigenous People Concerns.* The Recipient shall ensure that the concerns of IPs are given due *consideration* in implementing the Programme and, to this end, shall ensure that:
 - (a) the Programme is carried out in accordance with the applicable provisions of the relevant IP national legislation;
 - (b) indigenous people are adequately and fairly represented in all local planning for programme activities;
 - (c) IP rights are duly respected;

- (d) IP communities, participate in policy dialogue and local governance;
- (e) The terms of Declarations, Covenants and/or Conventions ratified by the Recipient on the subject are respected¹; and
- (f) The Programme will not involve encroachment on traditional territories used or occupied by indigenous communities.

6. *Land tenure security.* The Recipient shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.

7. *Anticorruption Measures.* The Recipient shall comply with IFAD Policy on Preventing Fraud and *Corruption* in its Activities and Operations.

8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Recipient and the Programme Parties shall ensure that the Programme 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. *Use of Programme Vehicles and Other Equipment.* The Recipient shall ensure that:

- (a) all vehicles and other equipment procured under the Programme Coordination and Capacity Building Component Programme are allocated to the National Programme Coordination Unit for programme implementation;
- (b) The types of vehicles [and other equipment] procured under the Programme are appropriate to the needs of the Programme; and
- (c) All vehicles [and other equipment] transferred to or procured under the Programme are dedicated solely to programme use.

10. *IFAD Client Portal (ICP) Contract Monitoring Tool.* The Recipient shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Recipient shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Programme 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 Recipient shall ensure that the contract data is updated on a quarterly basis during the implementation of the Programme.

11. The key personnel of the National Programme Coordination Unit (NPCU), to be competitively recruited are: (i) National Programme Coordinator (NPC), (ii) Financial Controller (FC), (iii) Programme Accountant, (iv) Procurement Specialist, (v) Agro-pastoral Value Chains and Rural Development Specialist, (vi) Gender and Social Inclusion Specialist, (vii) Environment and Climate Specialist to be sourced from the MoECC, and (viii) M&E Specialist. With the exception of the NPC, each specialist at the NPCU will have a suitably qualified seconded public servant attached to him/her, whose capacity will be built by the specialist to take up the specialist's position on the basis of a satisfactory assessment of performance from the MTR. Other specialist skills required at the NPCU will be recruited as consultants on specific terms of reference and assignment duration. All recruitment and secondment to the NPCU shall be subject to IFAD no-objection. .

12. A lean State Programme Coordination Unit (SPCU) will be responsible for the day-to-day implementation of the programme at the FMS level. Reporting administratively to the Minister of the MoAI and technically to the NPCU, the SPCU will comprise: (i) State Programme Coordinator (SPC); (ii) Account Assistant; (iii) Agro-pastoral Value Chains and Rural Development Officer; and (iv) M&E Officer.

¹ Refer to ILO 169, 1989 when ratified.

13. In order to assist in the implementation of the Programme, the NPCU/SPCU 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 Programme Personnel shall be seconded to the NPCU/SPCU in the case of government officials or 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 Programme Personnel is subject to IFAD's prior review [as is the dismissal of Key Programme Personnel]. Key Programme Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Programme Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Programme's circumstances.

II. SECAP Provisions

14. The Recipient shall carry out the preparation, design, construction, implementation, and operation of the Programme 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 and regulations to the Recipient and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Recipient 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.

15. For projects/programmes presenting high or substantial social, environmental and climate risks, the Recipient shall carry out the implementation of the Programme in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) 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, Indigenous Peoples Plans (IPPs), 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.

16. The Recipient 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 Recipient has complied with the same requirements as applicable to the original adoption of the ESCMPs and Management Plan(s).

17. The Recipient shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors and suppliers not to commence implementation of any works, unless all programme 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.

18. The Recipient shall cause the Lead Programme Agency to comply at all times while carrying out the Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

19. The Recipient shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with programme stakeholders and interested parties in an accessible

place in the programme-affected area, in a form and language understandable to programme-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).

20. The Recipient shall ensure or cause the Executing Agency and Implementing Agency 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 Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the Management Plan(s), if any.

21. The Recipient will ensure that a programme-level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Programme'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 Programme for people who may be unduly and adversely affected or potentially harmed if the Programme fails to meet the SECAP standards and related policies. The programme-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.

22. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labour issues or to adjacent populations during programme implementation that, with respect to the relevant IFAD Programme:

- (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.

23. In the occurrence of such event, the Recipient shall:

- (i) Notify IFAD promptly;
- (ii) Provide information on such risks, impacts and accidents;
- (iii) Consult with programme-affected parties on how to mitigate the risks and impacts;
- (iv) Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- (v) Adjust, as appropriate, the programme-level grievance mechanism according to the SECAP requirements; and
- (vi) 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.

24. **Serious ESHS incident** means serious incident, accident, complaint with respect to environmental, social (including labour and community), health and safety (ESHS) issues that occur in loan or within the Recipient's activities. 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 Recipient (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 programme 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).

25. The Recipient shall ensure or cause the Executing Agency, Implementing Agency, 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.

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

- (i) 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 semi-annual basis - or such other frequency as may be agreed with the Fund;
- (ii) Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Programme and propose remedial measures. The Recipient will disclose relevant information from such reports to affected persons promptly upon submission of the said reports ; and
- (iii) 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.

27. The Recipient 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 Programme.

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