
Kingdom of Cambodia

**Climate Adaptive Irrigation and Sustainable
Agriculture for Resilience (CAISAR)
Negotiated financing agreement**

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Negotiated financing agreement

Climate Adaptive Irrigation and Sustainable Agriculture for Resilience (CAISAR)

(Negotiations concluded on 12 September 2025)

FINANCING AGREEMENT

IFAD Loan No: _____
IFAD Loan No: _____
GCF Loan No: _____
GCF Grant No: _____

Project name: *Climate Adaptive Irrigation and Sustainable Agriculture for Resilience (CAISAR)* ("the Project")

The Kingdom of Cambodia (the "Borrower/Recipient")

and

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

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

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

WHEREAS, the Project shall be co-financed by the Green Climate Fund ("GCF")

- A. On 24 September 2018, IFAD and the GCF concluded a Master Accreditation Agreement (the "AMA"), that entered into force on 09 November 2018 pursuant to which a Funding Activity Agreement was executed on [xxxxx] (the "FAA") setting out the terms and conditions under which the GCF will transfer the GCF Funding to IFAD for the purposes of the implementation of the Project by the Borrower/Recipient. For the avoidance of doubt, any obligation of the Borrower/Recipient stemming from the AMA or FAA shall be specifically provided in this Agreement;
- B. By its decision GCF/B.42/06 of 03 July 2025: Consideration of funding proposals, the GCF Board approved the Funding Proposal to finance CAISAR as contained in GCF doc No. GCF/B.42/FP270 dated 9 June 2025; and
- C. IFAD, in its capacity as trustee, opened a bank account to receive the GCF funds and hold them in trust (the "GCF Trust Account") and IFAD's liability in connection with this Agreement is limited to the assets of the GCF Trust Account.

WHEREAS, the Project shall be co-financed by the Asian Infrastructure Investment Bank ("AIIB")

WHEREAS, the Borrower/Recipient has undertaken to provide additional resources, financially or in kind that may be needed for the Project;

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

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 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 to the Borrower:

- A. a loan on blended terms ("Loan A");
- B. a loan on ordinary terms ("Loan B");
- C. a loan on GCF terms ("GCF Loan"); and
- D. a grant on GCF terms ("GCF Grant"),

(Loan A and Loan B, together the "IFAD Financing", the GCF Loan and GCF Grant, together the "GCF Financing", and all together the "Financing"). The Borrower/Recipient shall use the Financing to implement the Project in accordance with the terms and conditions of this Agreement. In providing the GCF Financing, IFAD shall act in its capacity as trustee of the GCF Trust Account.

4. In the event of a conflict between the General Conditions and the Financing Agreement, the latter shall prevail.

Section B

1. The amount of:

- A. Loan A is twelve million four hundred thousand Special Drawing Rights (SDR 12 400 000);
- B. Loan B is eight million United States dollars (USD 8 000 000);
- C. the GCF Loan is forty million United States dollars (USD 40 000 000); and
- D. the GCF Grant is forty million United States dollars (USD 40 000 000).

2. The Fund shall credit the amount of the GCF Loan and GCF Grant into the respective GCF Loan account and the GCF Grant account (the "GCF Accounts") only when the funds have been received from the GCF. Any withdrawals from the GCF Accounts shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GCF and deposited in the GCF Accounts to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend financial assistance to the Borrower/Recipient under this Agreement for the purpose of the Project if no funds are available in the GCF Accounts for the Project.

3. A. IFAD Loan A is granted on blend terms, and 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. The principal of the Loan granted on blend terms will be repaid in equal instalments.

B. IFAD Loan B is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of the Loan, at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of 20 (twenty) years, including a grace period of 5 (five) years starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.

C. The GCF Loan is extended on the terms set out below:

- i. **Maturity period:** twenty (20) years from the date of entry into force of this Agreement;
- ii. **Grace period:** five (5) years from the date of entry into force of this Agreement;
- iii. **Interest rate:** zero point seventy-five per cent (0.75%) per annum;
- iv. **Principal repayment amount:** Annual equal instalments in the amount equivalent to six point seven per cent (6.7%) of the principal amount disbursed, on 15 June and 15 December of each year during the principal repayment period;
- v. **Principal repayment period:** Fifteen (15) years starting from the end of the relevant grace period;
- vi. **Commitment fee:** zero point seventy-five per cent (0.75%) per annum, calculated over the amount of the GCF Loan not yet disbursed by the Accredited Entity (IFAD) to the Borrower. The commitment fee shall start accruing from the date of entry into force of this Agreement and shall be paid semi-annually on 15 June and 15 December each calendar year. No grace period shall apply to the payment of the commitment fee;
- vii. **Service fee:** The service fee shall be payable semi-annually on 15 June and 15 December each calendar year at a rate of zero point five per cent (0.5%) per annum on the principal amount outstanding of the GCF Loan. The GCF Loan service fee shall apply from the date of each disbursement of the GCF Loan by the Fund. No grace period will apply to the payment of the service fee; and
- viii. **Taxes:** Should the Borrower/Recipient be compelled to make any deductions in respect of any present or future taxes, duties, charges, fees and withholdings or any other deductions, it will pay to the Fund such additional amounts as are necessary to ensure receipt by the Fund of the full amount which the Fund would have received but for the deduction;
- ix. **Pari Passu Treatment:** GCF Loan will rank pari passu with the IFAD Loan and AIIB Loan. GCF Loan will benefit from the preferred creditor status in the same manner as the IFAD Loan.

4. The Financing Service Payment Currency shall be in United States dollars (USD).

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

6. Payments of principal, and interest and service charge on IFAD Financing shall be payable on 15 June and 15 December of each year.
7. There shall be four Designated Accounts in USD, one for each funding source, for the exclusive use of the Project opened in the National Bank of Cambodia. The Borrower shall inform the Fund of the officials authorized to operate the Designated Accounts.
8. There shall be two Project Accounts in USD for the benefit of MOWRAM and NCDD-S in the local commercial Bank authorized by MEF to receive funds from the Designated Accounts.
9. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of fifteen million United States dollars (USD 15 000 000) in the form of in-kind contribution.

Section C

1. The Lead Project Agency shall be the Ministry of Water Resources and Meteorology (MOWRAM).
2. Additional Project Parties are described in Schedule 1 Part II, paragraph 6.
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 seventh (7th) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower/Recipient.
5. Procurement of goods, works and services financed by the Financing shall be carried out:
 - (a) in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Financing and supervise the Project.
2. As of the date of entry into force of this Agreement, the Borrower/Recipient represents and warrants that:
 - a. during the implementation of the Project, it complied with all the applicable legislative and regulatory provisions with regards to the fight against money laundering, corruption and the financing of terrorism and the identification of customers, and carried out other similar verifications to which it may be required with regard to its legislative and regulatory provisions;
 - b. where applicable, it shall make available the proceeds of the Loan/Grant available to the Executing Agencies or to any Project Party, as defined in Section C of this present Agreement, in accordance with the eligibility criteria set out in the Project Implementation Manual (PIM);

- c. it understands and accepts that the Fund may invite representatives of the GCF to participate in the supervision and other similar missions carried out by the Fund;
 - d. it understands and accepts that the GCF, in coordination with the Fund, may, at its own expense, i) carry out occasional audits on the use of the Financing; ii) conduct ex post impact assessments; and/or iii) request the inclusion of impact assessment requirements;
 - e. it shall cooperate with IFAD and GCF in the event that GCF or a third party appointed by GCF assumes the contractual role of IFAD based on the terms of this Agreement;
 - f. it understands and accepts that an independent auditor selected by IFAD shall conduct interim and final independent audit reports for the purposes of measuring the performance of the Project;
 - g. it understands and accepts that a major restructuring of the Project may result in the GCF or IFAD requesting a new letter of no objection or new approvals from the relevant authority, or both, as applicable;
 - h. any branding activity, including the use of either IFAD or GCF's name, mark, symbol or logo in any reports, publications, news media or related publicity materials as well as any other form of public information must be agreed in writing by IFAD and GCF;
 - i. it is duly authorized, and has the capacity to enter into this Agreement and that this Agreement is legally binding on and enforceable against the Recipient in accordance with its governing law;
 - j. it shall have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF, including Board members, alternate Board members, the Executive Director, Staff and Experts, and/or any other person acting on behalf of the GCF in respect of the GCF Trust Account, the Grant/Loan or any loss or damage arising out of IFAD's acts or omissions, or the acts or omissions of its officers, employees, agents or consultants under or in connection with the implementation of the Financing;
 - k. to the extent permitted by applicable laws and regulations, any reductions in greenhouse gas emissions achieved during the Project must not be converted into offset credits or units generated thereby, or if so converted, will be retired without allowing any other emissions of greenhouse gases to be offset; and
 - l. the Fund may, upon request from the GCF furnish an executed copy of this Agreement.
3. On the date of entry into force of this Agreement, the Borrower/Recipient undertakes that it shall:
- a. obtain, from any sub-recipient of a disbursement of the Financing under this Agreement, an undertaking that the funds will not be used for purposes inconsistent with this Agreement, the FAA or the laws applicable to sub-recipients; provisions may also be included in any agreement with third parties participating in the Project – to take into account the obligations described in paragraph 2(a) of Section D above;
 - b. obtain or contractually require that the Parties to the Project or the third parties participating in it obtain all necessary and applicable licenses, approvals and

consents to implement the Project, all of which must be maintained in full force and effect throughout the Project implementation period;

- c. promptly inform IFAD of any credible and material risk or other indications of money laundering or terrorist financing, or both, in connection with the Project, and that it must immediately execute the measures recommended by IFAD;
- d. include in its agreements with third parties participating in the execution of the Project the obligation to procure or reimburse all unused resources of the Financing;
- e. ensure that the concessionality of the GCF Loan is passed on to sub-borrowers which may be carrying out new on-lending activities to the final beneficiaries;
- f. provide IFAD with periodic performance reports in a form and substance satisfactory to IFAD, as well as semi-annual and annual financial reports to be submitted, concerning sub-loans, until the last sub-loan is fully repaid;
- g. ensure that all financial information related to the Funding and contributions from other co-financers is recorded by funding source, expenditure category, components, sub-components, and activities. Financial reports will also include certified semi-annual reports on the use of funds by funding source, expenditure category, components, sub-components, and activities.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The 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/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Project.
 - (b) The GCF has decided to suspend payments to IFAD, including but not limited to the GCF Financing, pursuant to the terms of the FAA; and
 - (c) The GCF has terminated the AMA or FAA.
2. The following are designated as additional grounds for cancellation of this Agreement:
 - (a) In the event that the Borrower/Recipient did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the date of entry into force of the Agreement; and
 - (b) In the event that the Borrower/Recipient did not request a disbursement of the full amount of the GCF Financing, or the Fund has not otherwise (i) disbursed the full amount of the GCF Financing proceeds; or (ii) received the full amount of the GCF Financing proceeds in its GCF Accounts, the Fund shall be entitled to cancel the undisbursed portion of the GCF Financing.

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

- (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained.
- (b) Key Project staff has been appointed as per section 8 of Schedule 1 of this Agreement.
- (c) The Borrower shall open four designated accounts exclusively for the use of project funds.
- (d) The Borrower shall register with the IFAD Client Portal (ICP) to submit quarterly reports and Withdrawal Applications.
- (e) Under the GCF Loan:
 - i. delivery, to the Fund, of the pipeline of projects funded under Component 1,2&3 during the period for which a withdrawal is requested.

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

For the Borrower/Recipient:

Secretary of State, Ministry of Economy and Finance
Ministry of Economy and State
General Department of International Cooperation and Debt Management
Ministry of Economy and Finance
St.92 Sangkat Wat Phnom, Khan Daun Penh
Phnom Penh, Cambodia

For the Fund:

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

Copy to: Frew Behabtu

If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, [dated _____]¹, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient.

KINGDOM OF CAMBODIA

H.E Ros Seilava
Secretary of State, Ministry of Economy and Finance

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President of IFAD

Date: _____

¹ To be kept only if the FA is signed by both parties the same date in the same location.

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit approximately 1, 700,000] beneficiaries of which 562,757 are direct beneficiaries (225,103 women), across a 32,000 ha irrigated area.
2. *Project area.* The Project will Kampong Speu, Kampong Chhnang, Kandal, Pursat the "Project Area").
3. *Goal.* The overall goal of the Project is to make the agriculture sector in Cambodia climate resilient and sustainable.
4. *Objectives.* The specific objective of the Project is to modernize the irrigation sector by upgrading resilient irrigation systems and enable farmers to adapt to climate risks and mitigate crop emissions through use of energy- and water-efficient technologies and practices, timely weather information and improved market integration.
5. *Components.* The project's results will be achieved through the implementation of three components.:
 - 5.1 **Component 1: Farm-level Climate Adaptation** - Improved crop-water management; climate-smart value chains (rice, vegetables, poultry, aquaculture); rural-road upgrades; and expanded agro-meteorological services.
 - 5.2. **Component 2: Upgrading and climate-proofing water infrastructure for increased resilience** - Modernized irrigation schemes and ponds; strengthened flood-proofing and drainage; and establishment and training of Farmers Water User Communities.
 - 5.3 **Component 3. Strengthened institutional and regulatory capacity for low-emission climate-resilient development pathways** - Enhanced capacity of Executing Entity for low-emission, climate-resilient irrigation governance and water-resources management.

II. Implementation Arrangements

6. *Lead Project Agency.* The Lead Project Agency shall be the Ministry of Water Resources and Meteorology_(MOWRAM) and the National Committee for Sub-National Democratic Development Secretariat (NCDDS).
7. *Project Steering Committee.* A Project Steering Committee (PSC) will be established for inter-ministerial coordination. The role of the PSC, chaired by the minister of MoWRAM, is primarily to provide strategic oversight of the project's overall progress toward its intended goals and outcomes, to make decisions regarding the project's overall directions, and to address high-level issues and risks that are beyond the immediate control of the project. The PSC makes decisions based on consensus. It will be chaired by the Minister of MOWRAM and comprise of senior officials from MOWRAM, the Ministry of Economy and Finance (MEF), the Ministry of Interior (MOI) which is responsible for the NCDDS, Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Environment (MOE), and the Provincial Governor's Offices of Pursat, Kampong Chhnang, Kandal, and Kampong Speu provinces. An Inter-Ministerial Resettlement Committee (IRC), chaired by MEF, will manage resettlement and land acquisition issues where they arise. The National Project Director of the Project Management Unit (PMU) will serve as a secretariat to the PSC.

8. *Project Management Unit.* MOWRAM will establish a Project Management Unit (PMU) for the implementation of the CAISAR project. The PMU will be led by the Secretary of State (MOWRAM) as the National Project Director (NPD) and managed by an appointed National Project Manager (NPM). The NPM will be responsible for overall project management and coordination. Within the PMU, project-recruited staff and staff seconded by the government will collectively comprise a project delivery team that will ensure sound and effective project implementation. The PMU will also include an Operations Officers, Gender Specialist, Finance Officer, Administration Officer, Procurement Officer and Monitoring and Evaluation Officer. Consulting firms and individual consultants will be recruited to support the project implementation and undertake detailed design services and construction supervision. Start-up orientation sessions will be organized to orient staff with regards to the procedures of GCF, IFAD and AIIB. Capacity building sessions in understanding the procurement, financial management and monitoring and evaluation sessions will be held as needed.

The Project Management Unit will consist of personnel from MOWRAM, the Department of Hydrology and River Works (DHRW) of MOWRAM, and Provincial Departments of Water Resources and Meteorology (PDWRAMs) of the four provinces in which the Project will be implemented. The PDWRAMs will be responsible for coordinating all field activities with Farmer Water User Committees (FWUCs). The Department of Farmer Water User Committees (DFWUC) has personnel at the central level but no office or personnel at the Province and District level. For the effective operation of the committees, the Department of FWUC will appoint additional personnel at the provincial and district levels.

The PMU will be responsible for the overall management of the Project; it will coordinate directly with EEs and project stakeholders, be responsible for providing support to the execution of day-to-day activities and be responsible for the technical quality of the project outputs, activities, financial management, procurement, monitoring and evaluation.

9. *Implementing partners.* The MOWRAM PMU will be responsible for the overall management of the Project; it will coordinate directly with EEs and project stakeholders, be responsible for providing support to the execution of day-to-day activities and be responsible for the technical quality of the project outputs, activities, financial management, procurement, monitoring and evaluation. The National Committee for Sub-National Democratic Development Secretariat (NCDDS) will be responsible for the implementation of Component 1 and output 3.2 under component 3 and will establish a Project Implementation Unit and contract Service providers at the provincial level as required. The PMU will be directly responsible for the implementation of Component 2 (irrigation infrastructure) and output 3.1 under Component 3. There will be monthly coordination between MOWRAM and NCDDS to ensure the synergies between the various components.

10. *Monitoring and Evaluation.* Project-level monitoring and evaluation will be undertaken to meet the information needs of the key financing and implementing agencies and will be in compliance with IFAD, GCF, AIIB and RGC policies. As the main implementing agency, MOWRAM will ensure the existence of a well-designed, operational and effective supervision, monitoring and reporting system to analyze and quantify the causal and attributable change of the Project. In particular, the monitoring and reporting system will cover all project components. MOWRAM will be responsible for coordinating and preparing a consolidated report for submission to all key stakeholders through the Project Steering Committee.

The monitoring of CAISAR will involve (i) process monitoring; (ii) monitoring of the implementation of Resettlement Plan; (iii) monitoring progress in construction of civil works; (iv) monitoring of the implementation of Environment Management Plan; (v) gender and social dimension monitoring, (vi) monitoring of the implementation of capacity building/training plan; and (vii) monitoring of compliance with loan covenants. M&E forms/matrices shall be developed for each of these aspects.

The M&E Specialist in the Project Management Unit will coordinate and consolidate all reports from different implementing partners including a M&E Specialist in the NCDDDS PIU and will be responsible for transmitting annual progress reports to IFAD, AIIB and the GCF Secretariat. GCF will be provided the following reports: i) an inception report; ii) Annual Performance Reports (APRs); iii) an interim evaluation; and iv) a terminal evaluation. The PMU, with the support of the PMIC, will provide six-monthly updates/reports on the project's implementation and performance which will be consolidated to provide APRs. The status of achievement of deliverables of activities/ sub-activities, and performance targets of the project's outputs will be provided in the six-monthly updates. AIIB/GCF/IFAD teams will coordinate with the PMU and the PIUs through regular progress meetings. The team will also conduct quarterly, six-monthly or annual review missions as required. The corrective actions will be agreed with the executing entity and recorded and subsequently implemented by the EE and monitored by AIIB/GCF/IFAD.

11. *Knowledge Management.* The CAISAR Project will aims to enhance climate adaptation and improve livelihoods among Cambodian farmers by addressing key challenges such as limited knowledge of climate-resilient practices, inadequate access to credit and market information, and weak extension services. Through a robust Knowledge Management (KM) strategy, the Project will generate and disseminate practical, high-quality knowledge products, build capacity among agricultural officers and mechanization service providers, and promote climate-smart technologies like Mechanized Dry Seeded Rice (mDSR). Key deliverables include training materials, workshops, a mobile platform for service coordination, and a network of engaged service providers, all designed to ensure sustainability, relevance, and impact.

12. *Project Implementation Manual.* The **Project Implementation Manual (PIM)** for the CAISAR Project will serves as a comprehensive guide for project implementation, primarily intended for use by the Project Management Unit and Implementing Units. It supports the achievement of the Project Development Objective and Outcomes as outlined in the Project Design Report and Financing Agreement between the IFAD, AIIB and GOC. The PIM outlines the project's implementation structure, planning processes, eligible fund usage, and operational rules—including sub-project selection, environmental and social safeguards, financial management, procurement, monitoring, evaluation, and reporting.

Schedule 2

Allocation Table

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

Outcome	IFAD Loan A Amount Allocated (expressed in SDR)	IFAD Loan B Amount Allocated (expressed in USD)	GCF Loan Amount Allocated (expressed in USD)	GCF Grant Amount Allocated (expressed in USD)	Percentage
Outcome 1: Farm Level Climate Adaptation and Resilience	9 430 000			26 323 000	100*
Outcome 2: Upgrading and climate-proofing water infrastructure for increased resilience	500 000	8 000 000	39 000 000	3 300 000	100*
Outcome 3: Strengthened institutional and regulatory capacity for low-emission climate-resilient development pathways	-			8 670 000	100*
Outcome 4: Project monitoring & evaluation	2 470 000		1 000 000	1 707 000	100*
TOTAL	12 400 000	8 000 000	40 000 000	40 000 000	

* The Percentage is applied to Project expenditures, excluding indirect taxes and shares of other financiers).

In Table 2 below, eligible outputs expenditures are presented for each Outcome shown in Table 1.

Table 2. Eligible output expenditures

Outcome	IFAD Loan A	IFAD Loan B	GCF Loan	GCF Grant
Outcome 1: Farm Level Climate Adaptation and Resilience	Output 1.1			Output 1.1, 1.2, 1.3, 1.4
Outcome 2: Upgrading and climate-proofing water infrastructure for increased resilience	Output 2.2	Output 2.2	Output 2.2, 2.3	Output 2.4
Outcome 3: Strengthened institutional and regulatory capacity for low-emission climate-resilient development pathways				Output 3.1, 3.2
Outcome 4: Project monitoring & evaluation	Output 4 (PM)		Output 4 (PM)	Output 4 (PM)

(b) *Audit arrangements.* The audit report shall be submitted to IFAD within six months following the end of the fiscal year and shall include additional agreed-upon procedures in accordance with GCF requirements and shall provide an assessment of the information necessary for reporting to the GCF.

Schedule 3

Special Covenants²

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/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/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 Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install a customized 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/Recipient 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/Recipient shall ensure that
 - (a) 40 % of the beneficiary of the project activities will be women bearing the heavy work like construction of the irrigation facilities.
 - (b) Mechanisms such as women's business associations are strengthened adequately to promote women entrepreneurship, access to business-related information, green technology and financial services for women.
 - (c) The women participation is adequate in Farmers Water User Committees (FWUC) leadership positions (preferably 40 %).
 - (d) Proper mitigation measures are taken in case of Gender Based Violence.
 - (e) Gender officer is included in PMU and the Gender Action plan is prepared within twelve (12) months from the date of entry into force of this Agreement.
5. *Indigenous People Concerns.* The Borrower/Recipient shall ensure that the concerns of IPs are given due consideration in implementing the Project and, to this end, shall ensure that:
 - (a) the Project 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 project 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 Borrower on the subject are respected³;

² To be agreed with Negotiation team which to include and adapt wording to each specific negotiation.

³ Refer to ILO 169, 1989 when ratified.

- (f) The Project will not involve encroachment on traditional territories used or occupied by indigenous communities.

6. *Land tenure security.* The Borrower/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 as stated in the approved Land Acquisition and Resettlement Planning Framework (LARPF) dated, March 22, 2024.

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

8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower/Recipient 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. Use of Project Vehicles and Other Equipment. The Borrower shall ensure that:

- (a) all vehicles and other equipment procured under the Project are allocated to the 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.

10. Ifad Client Portal (ICP) Contract Monitoring Tool. The Borrower/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 Borrower/Recipient 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/Recipient shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

11 The Key Project Personnel are: Project Manager, Financial Specialist, Officer for Monitoring and Evaluation, Knowledge Management Officer, Administration Officer, Procurement Officer, Social Inclusion and Gender Specialist, and Environment and Climate Assessment Specialist. In order to assist in the implementation of the Project, the PIU/PMU, 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 seconded to the PIU/PMU 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 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 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 Project's circumstances.

II. SECAP Provisions⁴

1. The Borrower/Recipient shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessment (ESIA), the Environmental, Social and Climate Management Framework (ESCMF), Land Acquisition and Resettlement Planning Frameworks (LARPF), the Environmental, Social and Climate Management Plans (ESCMPs), Indigenous Peoples Planning Framework (IPPF), and the Gender Action and Social Inclusion Plan (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower/Recipient shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund and (ii) Borrower/Recipient has complied with the requirements applicable to the original adoption of the Management Plan(s).

2. The Borrower/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 Project affected persons have been compensated and/or resettled in accordance with the specific Resettlement Standard Operating Procedures (LAR SOP, 2018), the Detailed Resettlement Plan (DRP)/ or the agreed works and compensation schedule.

3. The Borrower/Recipient 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).

4. The Borrower/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 Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. This section applies to 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.

In the occurrence of such event, the Borrower/Recipient 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

⁴ New SECA provisions for all projects that pass concept review after 1 September 2021.

- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- 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 in the context of the loan or within the Borrower/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 Borrower/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 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 allegations 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).

6. The Borrower/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 Management Plan(s) (if any) are respected.

7. Without limitation on its other reporting obligations under this Agreement, the Borrower/Recipient 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 semi-annual 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/Recipient 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.

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