
Cofinancing framework agreement between IFAD and Cassa Depositi e Prestiti S.p.A

Information note

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Useful references: Cofinancing framework agreement between IFAD and Cassa Depositi e Prestiti S.p.A ([EB 2022/135/R.27](#)).

Action: The Executive Board is invited to take note of the cofinancing framework agreement between IFAD and Cassa Depositi e Prestiti S.p.A.

Technical questions:

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Cofinancing framework agreement between IFAD and Cassa Depositi e Prestiti S.p.A

Information note

1. At its 135th session, held in April 2022, the Executive Board authorized the President to finalize and sign the cofinancing framework agreement between IFAD and Cassa Depositi e Prestiti S.p.A (CDP). The cofinancing framework enables CDP to cofinance IFAD projects during the Thirteenth Replenishment of IFAD's Resources (IFAD13) and beyond to reduce poverty, support the economic development of rural areas and protect natural resources in countries of strategic interest to the Italian development cooperation system.
2. The agreement was signed in Rome on 29 November 2022.

CO-FINANCING FRAMEWORK AGREEMENT*between***CASSA DEPOSITI E PRESTITI S.P.A.***and***THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

The present Co-financing Framework Agreement (the “Framework Agreement”) –is undertaken:

Between: **THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

And: **CASSA DEPOSITI E PRESTITI** Società per Azioni

WHEREAS the International Fund for Agricultural Development (henceforth “IFAD” or “the Fund”) is a specialized agency of the United Nations and an international financial institution, established by an international treaty with the objective of mobilizing additional resources to be made available for agricultural development in its developing Member States. In fulfilling this objective, IFAD shall provide financing primarily for projects and programs specifically designed to establish inclusive, resilient and sustainable agri-food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies;

WHEREAS the Cassa Depositi e Prestiti S.p.A. with registered office in Via Goito 4, 00185 Rome, Fiscal Code 80199230584 (henceforth “CDP”) is the Italian financial institution for international development cooperation, established as a joint-stock company incorporated under the laws of the Republic of Italy and entrusted by the Law no. 125/2014 with the mission to support initiatives aimed at promoting sustainable and inclusive development;

WHEREAS CDP expressed interest in co-financing IFAD investments through loans provided to some of IFAD developing Member States and to enter into a Framework Agreement to set the principles of such cooperation between IFAD and CDP (henceforth, the “Party” and, collectively, the “Parties”);

WHEREAS the Parties wish to formalize a structured framework for the co-financing of development projects;

ACCORDINGLY, the Parties agree to the terms of the following Framework Agreement:

ARTICLE 1

Definitions; Scope of Applications

- 1.1** For the purposes of this Framework Agreement, the following capitalized terms have the meanings set forth below:
- A. “Borrower” means a Member State of IFAD to which the financing of both Parties is extended. A political subdivision of a Member State may be designated as the borrower, but in this case the Member State must act as a guarantor.
 - B. “Co-financing Framework Agreement”, hereafter referred as the “Framework Agreement”, means this agreement, concluded between the two Parties which formalizes and sets the principles for the co-financing of Projects.
 - C. “Currency” means “US\$” or “EUR”, therefore CDP may extend loans in both US\$ and EUR, in line with borrowers’ requirements.
 - D. “Financing Agreement” means the agreement between the Borrower and CDP providing for the CDP’s Financing, or the agreement between the Borrower and IFAD providing for the IFAD’s Financing.
 - E. “IFAD Conceptual Framework and Operational Handbook for Financial Reporting and Auditing of IFAD-financed Projects” means the conceptual framework and handbook providing the guiding principles in financial reporting and auditing of IFAD-financed projects, approved by IFAD’s Executive Board on 12 December 2017, as may be amended from time to time.
 - F. “IFAD General Conditions” means the general conditions for agricultural development financing adopted by IFAD’s Executive Board on 29 April 2009, as amended from time to time.
 - G. “IFAD Policy on the Disclosure of Documents” means the policy on disclosure of documents adopted by IFAD’s Executive Board on 17 September 2010, as may be amended from time to time.
 - H. “Individual Co-financing Agreement” means the agreement to be entered into between the Parties for a specific Project, a form of which is attached as Annex A of this Framework Agreement.
 - I. “Joint financing” means a form of co-financing of a project, whereby the Parties will jointly finance, and in such proportions as the Parties agree, the same contracts of those goods, works, services and/or consultancies as may be required for a Project.
 - J. “Parallel financing” means a form of co-financing of a project, whereby the Parties will finance different contracts of those goods, works, services and/or consultancies as may be required for a Project.

- K. "Project" means the specific set of activities of an agricultural development project or programme to be co-financed by the Parties in accordance with this Framework Agreement, as set out in the Individual Co-financing Agreement.
- L. "Project Design Report" or "PDR" is a "living document", which will evolve during the design process, from a project concept note to a final complete design PDR as the basis for negotiations with Governments of the Financing Agreement. In its final form, the Project Design Report is the main guide for the implementation of the financed Project.
- M. "Project Implementation Period" means the period during which the Project is to be carried out, beginning on the date of entry into force of the Financing Agreement and ending on the Project Completion Date".
- N. "Service Fee" means the fee to be paid to IFAD for services, in accordance with Article 5.4 of this Framework Agreement.
- O. "Withdrawal application" means the mechanism used by the Borrower to submit disbursement requests to IFAD and CDP.

- 1.2 Scope of the Framework Agreement.** The scope of this Framework Agreement is to provide a framework of cooperation between the two Parties, whereby the Parties agree to finance jointly or in parallel sovereign Projects selected from the IFAD pipeline in line with the terms described below. For the avoidance of doubt, CDP's Financing will be channeled to the Borrower directly, and not through IFAD.

ARTICLE 2

Selection of Projects for CDP's Financing, Approval process

2.1 Pipeline Selection.

IFAD will provide CDP with a list of Projects that IFAD is planning to finance, and, which have potential for CDP's Financing. CDP will inform IFAD of those Projects which it is interested in evaluating for a potential co-financing.

IFAD and CDP will meet on a quarterly basis at a time mutually determined by both Parties, to discuss matters relating to co-financing in terms of IFAD investments to be financed, internal approval processes, as well as other opportunities for collaboration. The Parties will develop a plan with actions to be carried out by both Parties, timelines and follow up activities.

2.2 Project Concept Note

If, following consultations by IFAD with the potential Borrower, the Borrower expresses interest in CDP potential co-financing, IFAD will submit to CDP the Project Concept Note. The potential Borrower should request, via a letter, a loan from CDP to co-finance the Project.

The request for CDP's Financing will be reviewed by CDP, which, upon completion of its internal assessment and approval procedures, will inform IFAD and the potential Borrower of the relevant outcome.

2.3 Project Design.

The Project design process will be carried out by IFAD in line with IFAD's policies and procedures.

IFAD's Project Design Report will be processed in accordance with the internal quality assurance and clearance processes.

Based on IFAD Project Design Report, CDP will conduct its own internal assessment, review and approval procedures.

2.4 Negotiation, Approval and Signing Process.

IFAD and CDP will enter into separate Financing Agreements with the Borrower.

Without prejudice to Section 2.7 below, efforts shall be made by both Parties to ensure that negotiation, approval and signing of the Financing Agreements are aligned.

In accordance with each Party's internal procedures, the following will apply:

- (a) IFAD negotiates a Financing Agreement with the Borrower, upon its completion to be submitted for the approval of IFAD Executive Board or of the IFAD President based on IFAD Delegation of Authority. Upon its approval, the negotiated text of the Financing Agreement shall be signed by IFAD and the Borrower; and
- (b) CDP, during the due-diligence process, discusses with the Borrower the potential co-financing's main terms and conditions and, upon the approval from the competent decision embodies, CDP negotiates and signs the Financing Agreement together with the Individual Co-financing Agreement (as defined in Section 2.6) subject to satisfactory documentation.

2.6 Individual Co-financing Agreement.

A specific Individual Co-financing Agreement will be signed between IFAD and CDP for each co-financed Project, which will define, on a case-by-case basis, the services to be provided by IFAD as set out in the template provided in Annex A to this Framework Agreement.

2.7 CDP Requirements for Co-financing

The participation of CDP in a specific Individual Co-financing shall be subject to satisfaction for CDP of any mandatory requirement applicable to CDP for development finance transactions, including:

- (a) not to exceed 50% of the whole financing of each Project, in case of co-financing in favor of "Least Developed Countries" of "Other Low Income Countries" under OECD "DAC List of ODA Recipients";
- (b) coordination between IFAD's Financing Agreement and CDP's Financing Agreement;

- (c) approval by the Italian authorities competent of International Cooperation¹; and
- (d) in instances where CDP utilizes, in its relevant financing, resources other than CDP's own resources, any provision required according to the framework applicable to the use of such resources.

ARTICLE 3

Geographic and Thematic Priorities

3.1 Eligible Countries

The Parties shall agree to a list of geographic and thematic priorities, which are attached as Annex C of this Framework Agreement that will guide the selection of the Projects to be co-financed by CDP. The list of priorities may be updated from time to time upon mutual endorsement of both Parties.

ARTICLE 4

Financing Terms and Conditions of CDP's Financing

4.1 Financing Terms and Conditions

Each Party shall apply to its respective Financing Agreement with the Borrower its own terms and conditions. The Parties agree to align, to the extent possible, the two Financing Agreements with reference to disbursement, repayment, representations and warranties from the Borrower, administrative, monitoring and termination aspects.

The Parties shall consult to each other during the approval and the negotiation phases aiming at a straightforward, coherent and easy to manage contractual structure.

4.2 Credit Risk

The risk of default on the loans falls on each of the Parties for its own financings. Each Party may on an individual basis take the measures agreed in its respective Financing Agreement. In no case shall there be automatic cross-default, automatic cross-suspension or automatic cross-acceleration of any loan of the other Party with the same Borrower.

4.3 Contractual Events and Project Events

Without prejudice to its independent right of action under its Financing Agreement, each Party will promptly notify the other Party of any of the following:

- (a) any event of which the notifying Party becomes aware and which, in its opinion, is likely to materially interfere with, or seriously hinder or impair, the implementation of the Project, or to adversely and materially interfere with the performance by the Borrower of its obligations under the Financing Agreement to which the notifying Party is a party;
- (b) a determination by the notifying Party that: (i) an event of suspension, cancellation or acceleration has occurred under its Financing Agreement, and the measures it intends to take or has taken as a consequence of such event; or (ii) it intends to request a refund of any amount withdrawn under its Financing;

¹ Any Individual Co-financing shall be approved by: (i) the Inter-ministerial Joint Committee formed by representatives from Italian Ministry of Foreign Affairs and the Italian Agency for Development Cooperation, and (ii) the CDP's Board of Directors.

- (c) any notice given by the Borrower to the notifying Party, of the Borrower's intention to cancel any unwithdrawn amount, or prepay any withdrawn amount, of the notifying Party's Financing and any amount of such Financing actually cancelled or prepaid;
- (d) proposed (i) material amendment to the notifying Party's Financing Agreement; or (ii) material changes to the Project; or (iii) action which might result in the termination of said Financing Agreement;
- (e) extension of the deadline for withdrawal of amounts of the notifying Party's Financing; and
- (f) findings of any investigations by the notifying Party relating to the Project and actions related to such findings undertaken or planned to be undertaken by the notifying Party.

If any of the events or actions referred above occurs or is taken, the Parties will discuss the potential implications of such event or action on the Parties' co-financing arrangements under this Framework Agreement or the Individual Co-financing Agreement, including the Services to be provided by IFAD, with a view to taking appropriate steps to address these implications.

ARTICLE 5

IFAD Services and Service Fee

5.1 IFAD Services

The Parties agree that IFAD may perform the services listed below in support of CDP's Financing for a Project. The services to be provided will be specified in each Individual Co-financing Agreement for CDP's Financing to be signed by both Parties.

- 5.2** IFAD will carry out the services in line with IFAD's policies, guidelines and procedures and shall apply the same care that it applies to the administration and management of its own resources.

- 5.3** IFAD services for each Project include:

Design. In accordance with Article 2.1, 2.2 and 2.3, IFAD will ensure the adequate delivery of the Project Design Report. Moreover, IFAD will conduct the environment and social due diligence in line with IFAD's Social, Environmental and Climate Assessment procedures (SECAP)², as well as fiduciary due diligence.

Project design Report and SECAP, as prepared by the Project team, will be shared with CDP.

Supervision and Mid-term Review. IFAD will undertake regular supervision and implementation support missions, and a Mid-term Review mission. Each year, IFAD will provide CDP with the supervision plan for the respective project(s) financed by CDP, to allow CDP to plan its participation in such missions in a timely manner. CDP's participation in the missions will be coordinated with IFAD, and terms of reference will be agreed by both Parties prior to such missions. CDP will cover the cost of its own participation in such missions.

² <https://www.ifad.org/en/-/social-environmental-and-climate-assessment-procedures>

Annual Work Plan and Budgets (AWPBs) and progress reports, as prepared by the Project team, will be shared with CDP during each year of implementation.

Procurement. IFAD will exercise oversight of procurement activities in line with the related IFAD guidelines and procedures³, including review and approval of annual procurement plan, oversight of procurement implementation in accordance with procurement plans, and no-objections to procurement decisions related to individual contracts for goods, works and services.

Financial Management. IFAD will exercise oversight and provide support through technical guidance on financial management arrangements, including review of financial reports and audits, in line with the related IFAD guidance and the IFAD Conceptual Framework and Operational Handbook for Financial Reporting and Auditing of IFAD-financed Projects, as may be amended from time to time⁴.

Disbursement. IFAD will perform services related to the disbursement of the CDP Financing that include: (i) review each withdrawal application submitted by the Borrower to verify that the amount requested by the Borrower is eligible for financing under CDP's Financing Agreement; (ii) review the withdrawal applications for completeness and accuracy of banking information as per IFAD procedures⁵; and (iii) notify CDP through a disbursement notice that the withdrawal applications are in proper order.

Completion. IFAD will ensure the proper and timely completion of the Project and will support the Borrower in timely submitting a Project Completion Report.

Reporting. IFAD will provide to CDP annual supervision reports, Mid-term review and completion report related to each joint Project and prepared in accordance with IFAD's reporting procedures⁶.

General services: If at any time CDP requests additional information relating to the Project, IFAD will promptly provide such additional information, to the same extent as it has access to it, in accordance with its policies and procedures on the matter.

³ "Project Procurement Guidelines"

(https://www.ifad.org/documents/38711624/39421027/procure_e.pdf/e1a99511-d57d-4695-a05b-3d9b597d0149),

"Procurement Handbook"

(https://www.ifad.org/documents/38711624/39421018/proc_handbook_e.pdf/2feb53a-4244-4447-a788-d06a632fd3b5)

⁴ "Conceptual Framework on Financial Reporting and External Audit of IFAD-Financed Projects"

(<https://www.ifad.org/en/-/document/conceptual-framework-on-financial-reporting-and-external-audit-of-ifad-financed-projects>),

"Operational Handbook for Financial Reporting and Auditing of IFAD-financed Projects"

(<https://www.ifad.org/en/-/ifad-handbook-for-financial-reporting-and-auditing-of-ifad-financed-projects>),

"Financial Management and Administration Manual" (<https://www.ifad.org/en/-/document/financial-management-and-administration-manual>)

⁵ <https://www.ifad.org/en/-/document/loan-disbursement-handbook-for-projects-approved-under-gcs-effective>

⁶ "Financial Management and Administration Manual" (<https://www.ifad.org/en/-/document/financial-management-and-administration-manual>)

If requested by CDP, IFAD will promptly reply to inquiries or provide clarifications with respect to any actions taken or issues arising in connection with any aspect of the services it provides.

5.4 Service Fee

The Parties agreed that CDP will compensate IFAD a Service Fee for the abovementioned services provided for each Project.

Composition of the Service Fee. The Service Fee is composed of an amount to cover part of the costs incurred by IFAD for the design, annual supervision and financial administration and management of CDP's Financing of a Project. The total amount is EUR 450,000.00 (four hundred and fifty thousand Euros) for each of CDP's Financing of a Project, and will be included in each Individual Co-financing Agreement signed by both Parties.

Payment of the Service Fee. The fees will be paid by CDP to IFAD, following the receipt of a payment request accompanied by an original invoice, as follows:

- (a) EUR 270,000.00 (two hundred and seventy thousand Euros) - corresponding to 60% of the Service Fee's total amount - at the date of first disbursement of CDP's Financing;
- (b) EUR 180,000.00 (one hundred and eighty thousand Euros) - corresponding to 40% of the Service Fee's total amount - 90 (ninety) days from the date of disbursement of 50% of CDP's Financing.

ARTICLE 6

Audit

6.1 Audit Exercise

For each Project co-financed by CDP, IFAD shall provide CDP with the audited financial statements (AFSs) prepared and presented by the Borrower in accordance with the IFAD Conceptual Framework and Operational Handbook for Financial Reporting and Auditing of IFAD-Financed Projects, as may be amended from time to time.

When required by the circumstances, and at the request of one of the Parties, after consultation and in agreement with the other Party, IFAD may contract auditors to perform a specific audit of a Project financed by CDP. In this case, the related costs shall be borne by the Party requesting the audit.

Submission. In the event that the Borrower fails to submit the AFSs by the date agreed in the Financing Agreement with IFAD, (i) IFAD will pursue the applicable remedies set forth in IFAD General Conditions and (ii) IFAD shall inform CDP accordingly. Likewise, CDP may pursue, in coordination with IFAD, any applicable remedy to the Borrower's failure to comply with its obligation to remit the project AFSs to IFAD.

In accordance with IFAD's Policy on the Disclosure of Documents, the AFSs received by IFAD are classified as public documents. In the event that the AFSs contain confidential information, a summary version may be prepared for publication.

ARTICLE 7

Disclosure Procedures

- 7.1** IFAD and CDP, in accordance with their respective rules and procedures regarding disclosure and access to documents and information, may disclose this Framework Agreement and any information related to the Framework Agreement.

ARTICLE 8

Communication

8.1 Communications

All written communications required or permitted by this Framework Agreement shall be in writing and delivered in person, sent by mail, or sent as scanned document by email and shall be directed to the following addresses:

- (a) For IFAD:
Global Engagements, Partnership and Resource Mobilization Division
E-mail: r.hartman@ifad.org
- (b) For CDP:
Area Cooperazione Internazionale e Finanza per lo Sviluppo
E-mail: segreteria@cdp.it; gestione.devfin@cdp.it

CDP and IFAD shall advise one another of any change of address.

ARTICLE 9

Effectiveness, Amendments and Termination

9.1 Effectiveness

This Framework Agreement shall be provisionally applicable upon its signature and shall enter into force upon CDP's communicating to IFAD the fulfilment of its internal procedures to celebrate international agreements.

9.2 Amendments

Both Parties may propose to amend this Framework Agreement in writing, in accordance with their internal procedures.

9.3 Termination

Either Party may terminate this Framework Agreement by giving notice in writing to the other Party at least three months in advance. The notice to terminate shall indicate a termination date. In such case, unless otherwise agreed by the Parties, the contractual obligations assumed by the Parties pursuant to an Individual Co-financing Agreement, if any, prior to reception of the respective notice to terminate this Framework Agreement, including those concluded with third parties, shall remain in full force and effect and be unaffected by such early termination.

ARTICLE 10

General Provisions

10.1 Relationship of the Parties

No provision of the Framework Agreement may be interpreted as creating a principal-agent relationship between the Parties. Each Party possesses independent and functionally equal legal capacity vis-a-vis the other Party.

10.2 Tax Regime

Pursuant to provisions set forth under Section 16 of the Headquarters Agreement entered into between IFAD and the Italian Republic in 1978, this Framework Agreement is exempt from all forms of indirect taxation.

10.3 Novation/ Assignment

Neither Party will be entitled to assign or otherwise transfer its rights and obligations under this Framework Agreement, in full or in part, without the prior written consent of the other Party.

10.4 Dispute Resolution

The Parties agree that in the event of any controversy or dispute arising out of or in connection with the implementation of this Framework Agreement, every effort shall be made to amicably reach a settlement by direct negotiation. In cases where consultations or negotiations do not allow the Parties to come to an agreement, the controversy/dispute shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules in force on the date of this Framework Agreement.

10.5 Independent Right of Action

Notwithstanding any provision of this Framework Agreement, each Party reserves the right to enforce its rights and perform its obligations under its respective Financing Agreement entered into with the Borrower, and nothing in said agreements will be deemed to preclude or limit the right of either Party to exercise its contractual remedies under the terms set out in its Financing Agreement, provided that any standstill and/or consultation period provided under this Framework Agreement or the Individual Co-financing Agreement has been complied with.

10.6 No waiver of Privileges and Immunities

Nothing in this Framework Agreement shall be deemed as a waiver of or otherwise affect the privileges and immunities of IFAD under the Agreement Establishing the International Fund for Agricultural Development, the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations (1947), any other international treaty or convention, or under international customary law.

IFAD shall not be liable for any claim for loss, damage, misuse, or misappropriation of funds arising in connection with CDP's financing or with any activity financed under CDP Financing Agreement, except those resulting from the negligence or wilful misconduct of IFAD or its staff and consultants.

10.7 No Financing Commitment

This Framework Agreement will not be construed as representing any commitment with regard to the financing of a particular Project on the part of either Party, and no

provision of any of said agreements will be construed as imposing any financial obligation to the Borrower on the part of either Party. Any such commitment and obligation will be exclusively reflected in the Individual Co-financing Agreement and the Party's Financing Agreement once executed upon achievement of the approvals of the competent internal bodies of each Party.

10.8 Anti-corruption, AML/CFT and Sanctions

The Parties are committed to complying with their policies or applicable laws and international compliance best-practices, and acknowledge and agree that, in carrying out their obligations under this Framework Agreement, each of them shall endeavour to, and nothing in this Framework Agreement shall prevent them from, complying with the internal policies and procedures they have respectively adopted on compliance matters, including:

- (a) For CDP, those on anti-corruption, compliance with international sanctions, anti-money laundering and counter terrorism financing and those requiring it to successfully complete KYC procedures; a
- (b) For IFAD, the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations⁷ and the IFAD Anti-Money Laundering and Countering the Financing of Terrorism Policy⁸.

IN WITNESS WHEREOF, each through its authorized representative has signed the present Framework Agreement in (2) two copies in English language, on the 29th day of the month of November of 2022.

CASSA DEPOSITI E PRESTITI S.P.A.


Dario Scannapieco
Chief Executive Officer

INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT


Alvaro Lario Hervás
The President

⁷ https://www.ifad.org/documents/38711624/40189363/fraudpolicy_eb86_e.pdf/e2ae80aa-e423-4d7c-a582-c01c1917b427?t=1545052888000

⁸ <https://webapps.ifad.org/members/eb/128/docs/EB-2019-128-R-41-Rev-1.pdf>