

Document: EB 2017/LOT/P.14/Sup.1
Date: 29 August 2017
Distribution: Public
Original: English

E



Investing in rural people

The Hashemite Kingdom of Jordan

Small Ruminants Investment and Graduating
Households in Transition Project

Negotiated financing agreement

Negotiated financing agreement: "Small Ruminants Investment and Graduating Households in Transition Project"

(Negotiations concluded on 23 August 2017)

Loan Number: _____
Grant Number: _____
Farms Grant Number: _____

Project Title: Small Ruminants Investment and Graduating Households in Transition Project (SIGHT) ("the Project")

the Hashemite Kingdom of Jordan (the "the Borrower/Recipient")

and

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

(each a "Party" and both of them collectively 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), and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of April 2014, 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.
3. The Fund shall provide a Loan, an IFAD Grant and a Grant under the Facility for Refugees, Migrants, Forced Displacement and Rural Stability (FARMS) to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1.
 - A. The amount of the Loan is eight million four hundred thousand United States dollars (USD 8 400 000).
 - B. The amount of the Grant is five hundred thousand United States dollars (USD 500 000).
 - C. The amount of the FARMS Grant is three million nine hundred thousand United States dollars (USD 3 900 000).

2. The Loan is granted on ordinary terms, and shall be subject to interest on the principal amount of the Loan outstanding at a rate equal to the IFAD Reference Interest Rate, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of eighteen (18) years, including a grace period of three (3) years starting from the date that the Fund has determined that all general conditions precedent to withdrawal have been fulfilled in accordance with Section 4.02(b) of the General Conditions.
3. The Loan Service Payment Currency shall be United States dollar (USD).
4. The first day of the applicable Fiscal Year shall be 1 January.
5. Payments of principal and interest shall be payable on each 31 March and 30 September.
6. The Borrower/Recipient shall provide counterpart financing for the Project in an amount equivalent to four million six hundred ninety thousand United States dollars (USD 4 690 000).

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture (MoA).
2. The following is designated as an additional Project Party: The National Center for Agricultural Research and Extension (NCARE) and Central Bank of Jordan (CBJ).
3. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Financing will be administered and the Project supervised by the Fund.

Section E

1. The following are designated as additional general conditions precedent to withdrawal:
 - (a) two designated accounts have been opened in the Central Bank of Jordan to receive the proceeds of (a) the loan and the IFAD grant, and (b) the FARMS grant;
 - (b) a draft Project Implementation Manual acceptable to IFAD, including financial, accounting, procurement and administrative arrangements has been prepared; and
 - (c) The Project Director has been recruited in accordance with Schedule 1, paragraph 7.3.

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

For the Borrower/Recipient:

The Minister
Ministry of Planning and
International Cooperation
Amman, Jordan

For the Fund:

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

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

THE HASHEMITE KINGDOM OF JORDAN

Imad Najib Fakhoury
Minister of Planning and
International Cooperation

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Houngbo
President

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. **Project Area.** The project will be implemented in the northern and central Governorates of Mafraq, Irbid, Jerash, Ajloun, Madaba and the outskirts of Amman. However, the institutional and technical support will target the public services in all governorates of Jordan.

2. **Target Population.** The primary target group of the Project will be Jordanian women and men who are small-holder livestock farmers for whom small ruminants are a source of income, food security and a safety net. The poor and extreme-poor Jordanian rural host community households and Syrian refugees will also be an important target group with a special focus on women and youth.

3. **Goal.** The project goal is to contribute to reducing poverty and enhancing national food security in Jordan by improving the productivity of small ruminants.

4. **Objective.** The development objective is to increase the income of 11,920 vulnerable households through providing sustainable production capacity.

5. **Components.** The Project will have two core components that envisage a number of complementarities between initiatives and subcomponents.

5.1 **Component 1: Investment in Farmer Services.** This component will support the public and private sector to ensure that small ruminant producers receive a set of complementary services that are needed to enhance the efficacy of small-scale livestock production systems and the incomes of the smallholders. This component is designed to strengthen the small ruminant sector at the national level and assisting in developing a long-term vision for the sector that links with the Geographical Indication (GI) for Jordanian Awassi Sheep (GIAS) programme which will be jointly implemented by the Hashemite Fund for the Development of Jordanian Badia (HFDJB) and MoA. This component has three closely related and reinforcing sub-components:

Sub-component 1.1. Enhancing Public Services;

Sub-component 1.2. Improving Community and Private Sector Services;
and

Sub-component 1.3. Support for Policy Engagement.

5.2 **Component 2: Livelihood Investments and Access to Financial Services.** This component will provide support to households at different gradients along the poverty spectrum. This includes the Jordanian host communities and highly vulnerable Syrian Refugees, as well as individual entrepreneurs in need of loans for their enterprises. The project will graduate the extreme poor and poor households out of extreme poverty to a more stable state. The Component will consist of two complementary subcomponents: (i) Grants for Graduation into Sustainable Livelihoods to be delivered through service providers to be competitively selected; and (ii) Lending Facility for Rural Businesses which will be implemented by the Central Bank of Jordan (CBJ).

5.3 **Outcomes:** Two outcomes are expected from the project: i) Strengthened public and private sector capacity to enhance productivity of smallholder livestock farmers, increase incomes and build resilience and ii) Strengthened rural poor people's productive capacities, market access and resilience through an approach which graduates them out of poverty and provides access to financial services.

II. Implementation Arrangements

6. Approach. The Project will be implemented over six years to allow for the initiation and proper implementation and consolidation of some of the investments that are undertaken as part of the effort to develop and strengthen the small-ruminant sector, graduate host communities and Syrian refugees out of poverty and for the formal financial sector to engage with rural and agriculture lending with a particular focus on livestock in a sustainable manner. The Project identifies broad directions and guidelines in the design document, which will be formalized in the Project Implementation Manual but leaves sufficient flexibility to enable the project management to address the constraints, and opportunities, that emerge during implementation.

6.1 The Project implementation arrangements have been designed in a manner that will strengthen Government capacity for implementation of the project for sustainability. The main agencies implementing the Project will be existing government departments and agencies. Service providers will only be used in their area of expertise and will work in close cooperation with the Government. The Project also builds on the concept of public-private partnership in keeping with overall Government policy for developing new and innovative implementation modalities in the design and implementation arrangements of the project. This approach also recognizes the fact that the development of the small-ruminant sector requires close participation between the public services, smallholder and elite farmers, farmer cooperatives as well as the range of private sector players along the livestock value chain.

7. Organizational framework

7.1 The Ministry of Agriculture (MoA) will be the main agency responsible for the implementation of the Project. The Project Steering Committee (PSC) established at the Ministry of Agriculture to supervise the implementation of financed programs and projects including grants, loans, and cabinet fund will also act as the Steering Committee of the SIGHT Project. The PSC will meet on a quarterly basis. The responsibilities of the PSC will include: (i) ensuring the Project's activities are implemented in compliance with the Government's policies and this Agreement; (ii) approving the Annual Work Plan and Budgets (AWPBs), (iii) ensuring the Project interventions are well coordinated with other development programmes and projects; (iv) broad oversight of Project implementation; and (v) guiding Project implementation in policy and strategy matters.

7.2. A dedicated Project Management Unit (PMU) will be established within the MoA premises in Amman and work under the overall supervision of the General Secretary at MoA Headquarters in Amman. A Technical Coordination Committee will be established chaired by the Project Director and composed of the PMU staff and MoA and National Centre for Agricultural Research and Extension Field Managers at the breeding stations and Governorates and District Directorates of MoA and partnering service providers in addition to representatives from the Hashemite Fund for Development of Jordanian Badia. It will meet monthly in the first year of implementation and quarterly in subsequent years or as needed. Its main task will be to provide technical guidance and ensure that all technical aspects of the Project are well coordinated and synchronized with the strategic plans of the Government and also sound from a technical perspective.

7.3 The PMU will undertake the day-to-day management and implementation of the Project. It will have a core team of staff to supervise and monitor all project activities. Specialized staff will be recruited, or seconded by MoA based on job descriptions for the following positions: (i) Project Director; (ii) Programme Officer, responsible for Component 1 and overall field implementation; (iii) Monitoring & Evaluation (M&E) Specialist; (iv) Procurement Specialist; part-time, seconded from MoA; (v) Financial

Management Specialist; part-time, seconded from MoA; (vi) Gender and Livelihood Specialist; and (vii) Driver. All contracted staff will be hired through a competitive process, subject to IFAD's no objection. The Project Director may be changed with consultation between MoA and IFAD. The Project Director will report to Secretary General and will be responsible for the efficient operation of the PMU and day-to-day project implementation in accordance with the AWPBs.

7.4 The MoA is also implementing the Geographical Indication project for Jordanian Awassi Sheep financed by the Hashemite Fund for the Development of Jordanian Badia with whom coordination will be facilitated by their participation at the technical level in the technical committee of the Project as and when required.

7.5 The Cooperative Corporation representatives at the Governorate level will be expected to identify farmer cooperatives involved in the livestock sector for implementation of specific aspects of the Project which require close collaboration with farmer groups and cooperatives.

8. Supervision. The Project will be directly supervised by IFAD. The first implementation support mission will take place soon after first disbursement and will include an M&E specialist. IFAD will conduct one annual supervision a year. The composition of the mission will be based on the need for technical backstopping and support of the different project components.

9. Mid-Term Review. A midterm review will be carried out towards the end of third Project Year. The review will cover, among other things: (i) physical and financial progress as measured against AWPBs; (ii) performance and financial management of contracted implementing parties; and (iii) an assessment of efficacy of technical assistance and capacity building activities.

10. Project Implementation Manual (PIM). The PMU shall prepare a draft PIM acceptable to the Fund and submit it for approval to the PSC. When so approved, a copy of the PIM shall be provided by the PMU to the Fund. The PIM may be amended when necessary with the approval of the Fund in order to introduce clarification in procedures, eliminating constraints for project implementation and for facilitating access of producers to the project services.

Schedule 2

Allocation Table

1. Allocation of Loan and Grant Proceeds. The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan, the IFAD Grant and the FARMS Grant, the allocation of the amounts of the Financing to each Category and the percentages of expenditures for items to be financed in each Category. All amounts are 100% net of taxes and the contributions of co-financiers.

Category	IFAD Loan Amount (in USD thousands)	IFAD Grant Amount (in USD thousands)	IFAD FARMS Grant Amount (in USD thousands)
1. Consultancies	1 110	150	490
2. Credit, Guarantees Fund	3 510		
3. Equipment and material	1 770		
4. Goods and services	405		
5. Grant and Subsidies			2 810
6. Workshops and Trainings	85	300	
7. Works	130		
8. Salaries, allowances and operating costs	550		210
Unallocated	840	50	390
TOTAL	8 400	500	3 900

2. Start-up Costs. Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 200 000.