Solomon Islands

Agricultural Investments for Markets and Nutrition (AIMN)

Negotiated financing agreement

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FOR: INFORMATION
Negotiated financing agreement

Agricultural Investments for Markets and Nutrition (AIMN)

(Negotiations concluded on 13 December 2023)

Loan No: __________
Grant No: __________

Project name: Agricultural Investments for Markets and Nutrition (“the AIMN”/ “the Project”)

Solomon Islands (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 financed through a grant contribution from the Global Agriculture and Food Security Programme (GAFSP) for an amount of six million one hundred thousand United States dollars (USD 6 100 000) and an IFAD loan for an amount of nine million three hundred thousand United States dollars (USD 9 300 000);

WHEREAS, GAFSP will provide financing to FAO to provide technical assistance to the Project for the amount of one million four hundred thousand United States dollars (USD 1 400 000) through a specific agreement between FAO and GAFSP.

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 a Loan and a Grant (the “Financing”) to the Borrower/Recipient, 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 nine million three hundred thousand United States dollars (USD 9 300 000).

   B. The amount of the GAFSP grant administered by IFAD is six million one hundred thousand United States dollars (USD 6 100 000).

2. The Fund shall credit the amount of the Grant into the Grant account only when the funds have been received from the GAFSP. Any withdrawals from the Grant Account shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GAFSP and deposited in the Grant Account 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 Recipient under this Agreement for the purpose of the Project if no funds are available in the Grant Account for the Project.

3. The Loan is granted on highly concessional terms. The Highly Concessional Terms (HCT) Loan shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the HCT Loan by the Fund’s Executive Board, payable semi-annually in the Loan Service Payment Currency. The HCT Loan shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the HCT Loan by the Fund’s Executive Board. The principal of the HCT Loan will be repaid at two per cent (2%) of the total principal per annum for years eleven (11) to twenty (20), and four per cent (4%) of the total principal per annum for years twenty-one (21) to forty (40).

4. The Loan Service Payment Currency shall be in United States dollars.

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

6. Payments of principal and service charge shall be payable on each 15th January and 15th July.

7. There shall be two Designated Accounts (DAs), one for the Grant and one for the Loan, in USD, for the exclusive use of the Project opened in the Central Bank of Solomon Islands (CBSI). The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.

8. There shall be two Project Accounts in local currency for the benefit of the Project Management Units (PMUs) in the Bank South Pacific (BSP), for receiving funds transferred from the DAs.

9. The Borrower/Recipient shall provide in-kind counterpart financing for the Project in the amount of one million one hundred thousand United States dollars (USD 1 100 000) in the form of tax exemption.

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture and Livestock (MAL).

2. 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.
3. The Project Completion Date shall be the sixth (6) 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.

4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with procurement methods and any other measures identified by IFAD.

Section D

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

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) In the event that the Borrower/Recipient did not request a disbursement of the Financing for a period of at least 12 months without justification.

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 12 months without justification.

3. The following are designated as additional (general/specific) conditions precedent to withdrawal:

   (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained;
   
   (b) Key Project personnel has been appointed as per Schedule 1 part II of this Agreement;
   
   (c) the Designated Accounts shall have been duly opened and IFAD must receive a duly completed Authorised User(s) Letter, from the designated representative or a sufficiently senior delegated official, designating the name(s) of official(s) authorised to approve Withdrawal Application(s) and Interim Financial Reports (IFR);
   
   (d) The first AWPB shall have been submitted and received no-objection from IFAD.

4. This Agreement is subject to ratification through receipt of a legal opinion from the Borrower/Recipient.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

The Minister of Finance and Treasury
P.O Box 26
Honiara
Solomon Islands

For the Fund:

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

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

SOLOMON ISLANDS

[Authorized Representative Name]
[Authorized Representative Title]

Date: ____________

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

__________________
The President

Date: ______________
Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. **Target Population.** The Project shall benefit sixty-five (65) rural communities where the majority of households engage in subsistence or semi-subsistence households farming, with limited linkages with the market and some non-farm income from seasonal youth migration. In these communities, the project will target 50 percent of women and 20 percent of youth. The project will reach out to about 18,330 beneficiaries.

2. **Project area.** The Project will be implemented in Choiseul, Isabel and Western Provinces (the “Project Area”).

3. **Goal.** AIM-N’s strategic goal is to contribute to improved nutrition and food security and to reduce poverty in rural areas, building on the indigenous peoples’ traditional farming systems.

4. **Objectives.** The objective of the Project is improved food security, nutrition and household income through empowerment and resilient farming system in Solomon Islands. The project will contribute to IFAD’s three Strategic Objectives (SOs) for 2016-2025, by promoting increased production (SO1) of nutritious foods and cash crops, supporting access to market for smallholders (SO2), and mainstreaming environmental sustainability and climate resilience (SO3) in all project components. In alignment with IFAD’s mission to transform rural economies and food systems, AIM-N aims to demonstrate solutions that improve the nutrition status of the population, support rural women and youth to achieve transformative gender impact and enable young people in taking advantage of opportunities for developing gainful activities.

5. **Components.** The Project shall consist of the following Components:

5.1 **Component 1: Action for nutrition.** This component gathers all the activities aimed at improving nutrition and at diversifying and increasing food production for home consumption with an integrated gender and climate resilient approach. The component will support nutrition behaviour change and link it to the expansion and diversification of agriculture production, food processing, purchasing and cooking, leading to a healthy diet with high local food content. The expected outcome is that target households will have increased production, purchasing and consumption of nutritious locally-produced foods. It consists of three sub-components

5.1.1 **Sub-Component 1.1:** Nutrition behaviour change will provide a supportive environment for developing gender transformative and inclusive nutrition education and behaviour change communication through the nutrition-sensitive agriculture production, and will support outreach in the communities.

5.1.2 **Sub-Component 1.2:** Diversified community-based food production will support the delivery of gender transformative, inclusive and nutrition-sensitive agriculture extension services and quality planting material to women for diversified, climate-resilient production, and will promote further outreach to their communities.

5.1.3 **Sub-Component 1.3:** Improved nutrition in boarding schools will improve the production and preparation of nutritious food, as well as nutrition education in selected boarding schools, building on school procurement of food products from neighbouring farmer associations, linked to Component 2.

5.2 **Component 2: Inclusive partnerships for market access.** Component 2 will organize and connect smallholders, including women and youth, with profitable markets to gain stable income from resilient farming. The expected outcome is: Increased market access through public-private-producer-partnerships (4P). This will be achieved by building
inclusive partnerships between farmers’ organizations (FOs)/women’s groups (WGs) and micro, small and medium enterprise (MSME) buyers, whereby producers will gain improved access to markets and support services, and buyers will better manage their supply chain risks through stable sourcing of volumes and quality of produce to supply remunerative markets. The component has three sub-components: (i) Partnerships; (ii) Farmer organizations; and (iii) Public and private extension service providers.

5.2.1 Sub-Component 2.1: Partnership. Partnerships will promote the development of partnerships between buyers (exporters, local traders, processors) and farmers for supplying formal export and domestic markets, building on existing market opportunities. The marketing of quality products as well as value addition at farm level will be promoted so that farmers can obtain better prices.

5.2.2 Sub-Component 2.2: Business oriented Farmers’ Organizations. Farmer organizations (FOs) will support farmers involved in partnerships to improve their registration, governance, technical and business skills to meet market requirements, strengthen climate-resilience and get premium prices. FOs will be provided a set of services tailored around a detailed assessment of capacity and interest among other FOs will be classified by stages, and services and investments delivered accordingly to move them through the stages. Special attention and incentives will be given to attract young people.

5.2.3 Sub-Component 2.3: Public and private extension service providers will strengthen the capacities of extensionists, cooperatives, other farmer organizations and service providers to deliver quality extension services to farmers.

5.3 Component 3: Investments in resilient agri-food systems. Component 3 will finance three financial instruments to support the implementation of Components 1 and 2: (i) competitive grants for gender transformation, accessible to WGs to finance their own initiatives in support of nutrition, labour-saving technologies and nutrition-sensitive production, processing and marketing (only in Solomon Islands); (ii) a line of credit with performance-based grants benefitting MSMEs and qualified FOs that will be implemented by the Development Bank of Solomon Islands (DBSI) (only in Solomon Islands); and (iii) grants for small-scale, public infrastructure supporting Component 2 value chains. The expected outcome is: Increased productivity and value added through value chain investments. Component 3 has three sub-components: (i) Grants for gender transformation; (ii) Investment in productive and resilient assets of MSMEs and FOs; and (iii) Financing of enabling infrastructure.

5.3.1 Sub-Component 3.1: Grants for gender transformation will supply competitive grants to women groups participating in Component 1 to finance their own initiatives in support of nutrition, labour-saving technologies and small-scale nutrition-sensitive production, processing and marketing.

5.3.2 Sub-Component 3.2: Investment in productive and resilient assets of MSMEs and FOs will finance a line of credit for extending loans for investment and working capital to micro, small and medium agribusinesses as well as FOs sourcing from small farmers, including women and young farmers. In the target provinces, the line of credit will be complemented by performance-based grants benefitting the borrowers.

5.3.3 Sub-Component 3.3: Financing of enabling infrastructure will provide grant funding for the building or rehabilitation of collective productive infrastructures such as jetties and wharves, collection points and storage, as well as the building or rehabilitation of housing for extension officers.

5.4 Component 4: Rapid disaster response. Component 4 does not have any allocation in the budget but offers a mechanism for governments to gain rapid access to financing to respond to an eligible crisis or emergency. It would allow for rapid reallocation of uncommitted project funds towards urgent actions and recovery needs in the event of a natural disaster affecting rural areas that place the project at a risk not to achieve its development objectives, such as weather-related or natural hazards (including cyclones, storms, drought, earthquakes, landslides, tsunami, volcanic activities), human and animal
pandemics, or agriculture pest and disease incursions. In case of an eligible crisis, the respective Ministries of Treasury and Finance (MoFT), in consultation with Ministry of Agriculture and Livestock (MAL) and other relevant government departments, may request IFAD to reallocate funds to support rapid response and recovery, indicating the type of expenditure required and reallocation from unused resources in other component(s), subject to budget availability and IFAD no-objection. The rapid disaster response component is introduced in response to the fact that Pacific Island Countries are exposed, prone and vulnerable to natural disaster and other crises.

A Rapid Disaster Response Implementation Manual, acceptable to IFAD, will be prepared and will constitute a disbursement condition for this component. The RDD Implementation Manual will define: (i) the legal and institutional framework for national disasters and disasters in the agriculture sector; (ii) eligible investments; (iii) steps for triggering and implementing RDD, with assigned responsibilities; (iv) procurement, disbursement and financial management; compliance with safeguards policies; and (v) monitoring and evaluation. Eligible investments would cover critical goods, civil works, and consulting services required to support the immediate response and recovery needs and aligning with the main project activities such as: clearing and disposal of debris, repairs to small economic infrastructure and equipment, water supply, replacement of vegetation destroyed by the hazard, purchase of farming implements that promote resilience, purchase and distribution of vaccines, etc.

II. Implementation Arrangements

6. **Lead Project Agency.** The project implementing agencies will be the Ministry of Agriculture and Livestock (MAL). It will be responsible for overall accountability, oversight and coordination of the project. It will engage and cooperate with other government entities as necessary, notably the ministries responsible for health, education, gender equality and women empowerment, commerce and cooperatives, as well as with provincial governments, wards.

7. **National Project Steering Committee and Provincial Multi-stakeholder Platforms.** A National Project Steering Committee (NSC) will be established to provide guidance and overseeing, support coordination, and offer a venue for sharing AIM-N good practices and for channelling policy issues to the appropriate policy making bodies. It will also approve AWPBs and annual progress and financial reports. Provincial Multi-stakeholder Platforms will be established to support implementation and coordination in each province.

8. **Project Management Unit (PMU) and Provincial Implementation Units (PIU).** A ring-fenced PMU will be established and will be embedded in MAL. It will be responsible for carrying out AIM-N implementation responsibilities and will be fully accountable for project performance and the use of funds. Under the authority of the PMU, a Provincial Implementation Unit (PIU) will be established in the capital of each of the target provinces and will be responsible for implementing Component 2, and for ensuring monitoring and evaluation (M&E).

The PMU will be composed of: (i) Project Manager; (ii) Inclusive Partnerships Manager; (iii) M&E and KM Manager; (iv) GESI Officer; (v) Infrastructure Engineer; (vi) Finance and Administration Manager; (vii) Financial Assistant; (viii) Procurement Officer; (ix) Office Assistant; (x) Gender Transformative Grant Manager; and (xi) Rural Finance Specialist.

The PIU will be composed of: (i) Partnership Development Officer; (ii) Inclusive Partnerships Young Professionals; (iii) GESI Young Professionals; (iv) M&E and KM Officer; (v) 3 Young Nutrition Professionals.

FAO will field a full-time adviser in the PMUs for 3 years. The adviser will help the PMU in starting the project, coordinating the development of project methodologies, building capacities, and ensuring learning throughout the project across teams and project stakeholders. Furthermore, short-term experts will be fielded.
9. **Monitoring and Evaluation.** The M&E and KM system will: measure project results against targets in the project logical framework; provide project stakeholders with data and analyses to assess project achievements and improve project performance; allow project stakeholders, in particular women groups, partnerships, farmers’ organizations, farmers and agribusiness partners, service providers and the PMU, to make informed decisions for the development of profitable and sustainable activities; and develop lessons learnt, capture good practices and successful innovation, and share knowledge, with a view to support performance and policy dialogue.

The M&E system will be set up and managed by the PMU, in consultation with MAL and other project stakeholders, and with support from a short-term international consultant fielded by FAO. The consultant will produce a detailed M&E/KM manual, together with an implementation plan, including capacity development arrangements. The system will be harmonized with that of MAL.

10. **Knowledge Management.** In consultation with project stakeholders and in collaboration with the M&E/KM Manager, the same consultant hired to design the M&E system will prepare a detailed KM framework. The framework will describe objectives, responsibilities and methodology, together with an implementation plan for the first year and include a communication strategy. Particular attention will be given to documenting innovative models as described in the next section.

11. **Project Implementation Manual.** The Project Implementation Manual (PIM) guides implementation of the Agriculture Investment for Markets and Nutrition (AIM-N). The PIM is intended primarily for use by Project Management, implementing agencies and contracted services providers. The purpose of the PIM is to assist Project Management to achieve the Project Development Objective and Project Outcomes defined in the Project Design Report and the Project Financing Agreement. The PIM reflects agreements between IFAD, GAFSP, FAO and the Governments of Solomon Islands on how project funds will be used. The PIM presents important principles and guidelines for implementing project activities. The PIM cannot provide every detail. Detailed procedures will be developed as needed by the project implementation team and consultants during the start-up phase of implementation. The PIM itself is a living document that will be updated and improved continuously during project implementation and can be changed through agreement between the Project Manager and IFAD. In particular, Terms of Reference for service providers and technical advisers should be annexed to the PIM. The first draft PIM includes a general list of the TORs of PMU and PIU staff, forms and checklists that will be needed but not all these have been developed yet. When a new TOR, form or checklist is developed for use in the Project it should be added to the PIM annexes so that all these documents are available in one place.
Schedule 2

Allocation Table

1. Allocation of Loan/Grant Proceeds. (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan/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:

<table>
<thead>
<tr>
<th>Table 1.a. Allocation of IFAD Loan funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Works</td>
</tr>
<tr>
<td>Goods, Services and Inputs</td>
</tr>
<tr>
<td>Equipment &amp; Materials</td>
</tr>
<tr>
<td>Grants, Subsidies, Guarantee Funds</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

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

(i) Category I – Works shall mean eligible expenditures incurred on civil works under Component III.

(ii) Category II - Goods, Services and Inputs shall mean eligible expenditures incurred on Consultancies & Studies and Supplementary Services Allowance under Component III.

(iii) Category III – Equipment & Materials shall mean eligible expenditures incurred on Vehicle Boat and OnBoardMotor (OBM) under Component IV.

(iv) Category IV – Grants, Subsidies and Guarantee Funds shall mean eligible expenditures incurred on Community Sub-project Grants, Complementary Equity Facility with PB Grant and Partnership with Private Sector (Stand-alone Loan) under Component IV.

(v) Percentage indicated under “Percentage eligible for IFAD financing” is applied to Project expenditures, excluding taxes and shares of other financiers.

<table>
<thead>
<tr>
<th>Table 1.b. Allocation of GAFSP Grant funds</th>
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<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td>Goods, services and Inputs</td>
</tr>
<tr>
<td>Equipment &amp; Materials</td>
</tr>
<tr>
<td>Grants, Subsidies, Guarantee Funds</td>
</tr>
<tr>
<td>Recurrent costs</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

(c) The terms used in the Table above are defined as follows:
(i) Category II – Goods, Services and Inputs shall mean eligible expenditures incurred on Trainings & Workshops, Young Graduates & Fellowships, Consultancies & Studies, Contract/ Service Provider and Supplementary Services Allowance under Components I, II and IV.

(ii) Category III - Equipment & Materials shall mean eligible expenditures incurred on equipment and materials only under Component IV.

(iii) Category IV – Grants, Subsidies and Guarantee Funds shall mean eligible expenditures incurred on Community Sub-project Grants only.

(iv) Category V – Recurrent costs shall mean eligible expenditures incurred on operating costs under Component IV.

(v) Percentage indicated under “Percentage eligible for IFAD financing” is applied to Project expenditures, excluding taxes and shares of other financiers.

2. **Disbursement arrangements**

(a) The disbursement arrangements will be set forth in detail in the Financial Management and Financial Control Arrangements Letter (FMFCL) to the Borrower/Recipient.

(b) **Start-up Costs.** Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal, from the IFAD GAFSP grant, shall not exceed an aggregate amount of USD 500 000 for PMU staff recruitment and for procurement of goods and services. Activities to be financed under start-up financing will require the no objection from IFAD to be considered eligible.

(c) **Audit arrangements.** The Office of the Auditor General (OAG) will audit project financial statements each year, in accordance with acceptable to IFAD audit standards. It will send audit reports to IFAD within six months of the end of the financial year.
Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/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 customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.

2. Planning, Monitoring and Evaluation. The Borrower/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.

3. Gender. The Borrower shall ensure that appropriate measures will be taken in order to support women and youth inclusion.

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

5. Land tenure security. The project does not foresee any requirements for land acquisitions. However, in case it involves any in the future, the Borrower/Recipient shall ensure that the land acquisition process will be completed before the construction start and that compensation processes are consistent with international best practice and free prior and informed consent principles.


7. 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.

8. 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 MAL and other 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.

9. 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/Program.

10. The Key Project Personnel are: Project Manager, Financial Specialist, Officer for Monitoring and Evaluation, Procurement Officer, and Social Inclusion and Gender Specialist. In order to assist in the implementation of the Project, the 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 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 Provisions

1. For projects presenting high or substantial social, environmental and climate risks, 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 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.

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 RAP/Abbreviated RAP, FPIC and/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
- 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.