



ACORD DE FINANȚARE
dintre Republica Moldova și Fondul Internațional
pentru Dezvoltarea Agricolă în vederea realizării
proiectului „Îmbunătățirea capacităților pentru
transformarea zonei rurale (IFAD VIII)”

Chișinău, 26 iunie 2020



COPIE CERTIFICATĂ
TEXT ÎN LIMBA ENGLEZĂ

LOAN NO. 2000003414
AF GRANT NO. 2000003413

FINANCING AGREEMENT

Talent Retention for Rural Transformation (TRTP) Project

between the

THE REPUBLIC OF MOLDOVA

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in Chişinău, Moldova, and Rome, Italy

FINANCING AGREEMENT

Loan No: 2000003414
AF Grant No: 2000003413

Project name: Talent Retention for Rural Transformation (TRTP) ("the Project")

The Republic of Moldova (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 a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS IFAD and the Adaptation Fund have entered into an agreement on 06 May 2020 (the "Donors Agreement") that will provide five million five hundred thirty seven thousand four hundred fifteen in the United State dollars (5 537 415 USD), through the AF grant ("AF GRANT") to finance the Project described in Schedule 1 to this Agreement.

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 2018, 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 an AF 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. The Financing shall be channelled to the Borrower/Recipient through the Designated Account as detailed in Article 2, paragraph 7 below. The AF Grant shall be channelled to the Borrower/Recipient only if and to the extent that IFAD has received the AF Grant proceeds in accordance with the terms and conditions of the Donors Agreement.

Section B

1. A. The amount of the loan is eighteen million nine hundred thirty nine thousand Euros (18 939 000 EUR).

- B. The amount of the AF grant is five million five hundred thirty seven thousand four hundred fifteen United States dollars (\$ 537 415 USD).
2. The Loan 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.
 3. The Loan Service Payment Currency shall be in EUR.
 4. The first day of the applicable Fiscal Year shall be 1st January.
 5. Payments of principal, interest, and service charge shall be payable on each 1st April and 1st October.
 6. There shall be two Designated Accounts (one for the IFAD loan in EUR and one for the AF grant in USD), for the exclusive use of the Project opened at the National Bank of Moldova. The Borrower shall inform the Fund of the officials authorized to operate the Designated Accounts.
 7. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of USD 3.8 million in the form of taxes and duties for the Project.

Section C

1. The Lead Project Agency shall be The Ministry of Agriculture, Regional Development and Environment.
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.
4. The Project Completion Date shall be the sixth 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,
 - (b) Pursuant to Procurement Plan, which shall be identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with IFAD Project Procurement Guidelines.

Section D

1. The Fund will administer the Loan/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.
2. 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 staff has been appointed as per Schedule 1 of this Agreement.
 - (c) The PIU has been designated by the Government of Moldova.
3. This Agreement is subject to ratification by the Borrower/Recipient.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

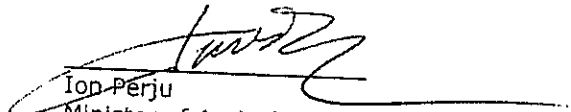
Minister of Agriculture, Regional Development
and Environment of the
Republic of Moldova
str. Constantin Tănase 9
MD-2005 mun. Chişinău, Moldova

For the Fund:

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

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient and shall enter into force at the date the Fund receives an instrument of ratification from the Republic of Moldova.

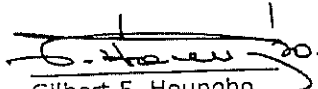
THE REPUBLIC OF MOLDOVA



Ion Perju
Minister of Agriculture,
Regional Development and
Environment

Date: 26/06/20

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT


Gilbert F. Hounqbo
President

Date: 30 July 2020

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The primary target group of TRTP is commercially-orientated small-holder farmers and youth entrepreneurs cultivating up to 10 hectares. The project will ensure that women farmers are especially included in project activities. In addition, the project will engage with a range of actors such as agribusinesses, exporters, input suppliers, processors of agricultural goods, farmers with larger landholdings where they can function as aggregators, innovators and catalysts providing pathways for small-holder farmers to access national and international markets. Forty percent of the beneficiaries will be women and forty percent will be youth.
2. *Project area.* As the project is national in scope, the geographical targeting does not limit project interventions to a specific geographic area but prioritizes interventions in the more climate vulnerable and deprived areas throughout the country based on Small Area Deprivation Index and data on climate vulnerability from the 4th National Communication of the Republic of Moldova on Climate Change.
3. *Goal.* The goal of the Project is to stimulate broad-based rural economic growth and reduce poverty through complementary investments.
4. *Objectives.* The objectives of the Project is to enable the rural poor (especially youth, women and smallholders) to increase their productive capacity, resilience to economic, environmental and climate-related risks and their access to markets.
5. *Components.* The Project shall consist of the following two Components:

5.1 Component 1: Resilient Economic Transformation

Sub-Component 1.1 Enhancing Climate Resilience

Climate Resilient Infrastructure (CRI):

- (a) The subcomponent is designed to support investments in productive rural infrastructure enhancing resilient rural economic transformation by removing infrastructure bottlenecks.
- (b) Investments in irrigation infrastructure shall focus on micro and small irrigation schemes.
- (c) Investment in rural roads improvements shall be directed to rural feeder roads and ancillary structures.
- (d) Priority of implementation shall be given to proposals from geographic locations more prone to climate risk and to target areas showing a relative higher concentration of poverty, based on the Small Areas Deprivation Index (SADI) indicators.

On-farm Climate Adaptive Water Management

- (a) Build smallholder farmer's resilience to climate change by fostering the adoption of climate smart, water saving technologies and building smallholder awareness and capacity in climate adaptive agricultural practices. Grants from the Adaptation Fund shall be provided exclusively to smallholder farmers with up to 10 ha land (owned and cultivated). *Demo plots, the Training of Trainers programmes and extension support services.* Based on the FAO lessons learned the project shall train and provide demand driven advisory services.

- (b) Conservation agriculture. Support Ministry of Agriculture Regional Development & Environment (MARDE) in the development of the new National Programme for Conservation Agriculture.
- (c) Knowledge management. The project shall dedicate around USD 50,000 to ensure that project results are being adequately recorded and the findings disseminated.

Sub-Component 1.2 Agribusiness Development

Strengthening Value Chains for Producer Groups

- (a) The project will be implemented by a service provider who could be an individual, a consulting firm or an NGO which has the requisite skills to provide the technical support which is required under the component.
- (b) The project shall work closely with the Producer Groups and private sector entities to develop proper feasibilities and business plans for collaboration. The PIU will ensure that all service providers follow sound labour management practices.
- (c) Investments in producer groups. The project will also put in place innovative arrangements for investments in collection and grading centres, warehouses, cold storages and agro-processing facilities, refrigeration trucks, branding, marketing and providing equipment and materials, etc. The project investments in the market infrastructure and processing facilities, through mix of grants and loans, will represent an investment and contribution on behalf of the smallholder farmers who are members of the PGs.

Strengthening MARDE Technical Capacity

- (a) The project shall strengthen the capacity of MARDE by providing it technical specialists for economic and market analysis.
- (b) The project shall also organize opportunities for learning and experience sharing for MARDE staff and PGs.

5.2 Component 2: Entrepreneurship Finance

Sub-component 2.1. Affordable credit for youth and women

- (a) This subcomponent shall focus on addressing bottlenecks related to the cost of capital and lack of collateral to access loans.
- (b) The project shall provide mentoring support for young entrepreneurs and women to assist the target group in the formation of investment and working capital proposals.
- (c) IFAD-funding would provide equipment grants of up to 40% of the investment costs, matched with loans.
- (d) The project would facilitate young entrepreneurs and women with developing proper proposals for subsidies and loan guarantees from the relevant entities.
- (e) Saving and Credit Associations (SCA). IFAD shall provide financing for SCAs to on-lend to microenterprises in rural areas. The interest rate on the credit line to these eligible SCAs shall be established by the government.

Subcomponent 2.2. Rural finance sector development

- (a) This sub-component is designed to build capacity and strengthen some of the initiatives of the previous IFAD projects and will further strengthen the SCA sector and the regulatory and supervisory capacity of the National Commission for Financial Markets (NCFM).

- (b) *An SCA Stabilization Fund.* IFAD shall provide technical assistance and facilitate the sector investment for the establishment of SCA Stabilization Fund, once the proper regulation is in place. The feasibility of establishing the SCA Stabilization Fund or the reallocation of funds allocated to this component to another project component will be discussed during project implementation.
- (c) *The SCA Deposit Insurance Fund.* IFAD shall assist the SCA sector to adopt international best practices of financial consumer protection by providing it financing to establish an SCA Deposit Insurance Fund. The feasibility of establishing the SCA Deposit Insurance Fund or the reallocation of funds allocated to this component to another project component will be discussed during project implementation.
- (d) *Technical assistance.* The project shall also provide a technical assistance to several sector institutions and provide mentoring support to the SMEs: i) SCA capacity building ii) NCFM capacity building and (iii) NCFM capacity building.

II. Implementation Arrangements

6. *Lead Project Agency (LPA).* The Lead Project Agency shall be The Ministry of Agriculture, Regional Development and Environment.
7. *Project Steering Committee (IPSC).* The Project Steering Committee shall be responsible for the overall management and implementation of TRTP. The IPSC shall be responsible for providing overall policy guidance and oversight for all IFAD-supported projects and programmes in Moldova. The IPSC membership may be amended depending on project requirements, with a view to reflect the increased emphasis on climate adaptation and resilience, subject to prior approval of IFAD.
8. *Project Implementation Unit (PIU).* The Borrower/Recipient will designate a PIU to exercise day-to-day management and implementation of the project. The responsibilities of the PIU shall include:
 - (i) undertaking the annual plans and budgets, taking the lead in implementation, coordinating with partner institutions and supervising the service providers and infrastructure contractors.
 - (ii) monitoring and documenting project progress and ensuring the timely availability of all progress reports.
 - (iii) assuming responsibility for generating the AWPBs for submission to the IPSC for review and approval, and subsequently to IFAD for no objection.
 - (iv) taking the lead in procurement of civil works and goods and services.
9. The PIU capacity shall be strengthened to implement the TRTP by hiring an additional engineer, specialist to oversee the Adaptation Fund grant and an Agribusiness Specialist to coordinate the activities of TRTP.
10. *The project accounting system. Standards and requirements.* The project accounting system shall follow national standards, accrual basis, and transactions shall be recorded in the 1-C stand alone accounting software at the PIU. As national reporting requirement differ from IFAD's, a specific set of Financial Statements shall be prepared as per current practice based on records from their system on an IPSAS cash basis of accounting and in accordance to the requirements set in the IFAD Handbook on Reporting/Auditing.
11. *Internal control.* The project can maintain the same audit arrangements as current on-going projects/programmes. At the same time, the PIU may take into consideration the opportunity to strengthen this area with dedicated resources.

12. *External control.* The project shall be externally audited by independent firms acceptable to IFAD as it is adopted for the on-going projects/programmes.

13. *Implementing partners.* The project shall also partner with the Research Institute of Field Crops "Selectia", the State Agrarian University of Moldova, and National Agency for Rural Development (ACSA) or other Service Providers in the Implementation of the Adaptation Funded activities for the developing the demo plots; the designing and implementation of the Training of Trainers (ToT) programme; and the training of extension workers and beneficiaries of on-farm water management activities.

14. *Monitoring and Evaluation.* Monitoring and Evaluation activities would be the responsibility of PIU.

15. *Knowledge Management.* The TRTP project is expected to generate learning and knowledge on several aspects that will be documented for sharing with key decision-makers and for policy advocacy.

16. *Project Implementation Manual.* The Project Implementation Manual (PIM) outlines the programmatic and financial procedures to be followed by the IFAD PIU during the different stage of the project cycle. The manual aims to describe in detail the necessary steps to be undertaken by the relevant project staff, when undertaking actions related to the implementation of project's activities, targeting and financial management.

Schedule 2
Allocation Table

Category	Loan Amount Allocated (expressed in EUR)	AF Grant Amount Allocated (expressed in USD)	Percentage
I. Consultancies	875 000	1 333 738	100% net of taxes
II. Credit & Grant	11 077 000	2 213 000	100% net of taxes
III. Equipment, Material, Goods and Services	681 000		100% net of taxes
IV. Works	3 974 000	1 776 000	100% net of taxes
V. Operating Costs	444 000	214 677	100% net of taxes
Unallocated	1 888 000		
TOTAL	18 939 000	5 537 415	

- (i) Category I: "Consultancies" include Studies, technical assistance, trainings and workshops.
- (ii) Category II: "Credit & Grant" include credits to PFIs and SCAs. IFAD Loan includes EUR 9 969.30 credits and EUR 1 107.70 Grants. AF grant of USD 2.2 million will be exclusively for smallholder farmers.
- (iii) Category V "Operating Costs" under IFAD Loan, include operating costs and eligible expenditures related to Salaries and Allowances and under AF Grant, include USD 174 677 of salaries & allowances and USD 40 000 for eligible expenditures related to MTR and Final Evaluation.

Schedule 3

Special Covenants

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. *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.
5. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower/Recipient shall ensure that the Project will be implemented in compliance with IFAD's SECAP.
6. *Environment and Social Safeguards.* The Borrower/Recipient shall ensure that:
(a) all Project activities are implemented in strict conformity with the Borrower/Recipient's relevant laws/regulations; (b) all Project activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD's *Policy on Indigenous Peoples* (2009), as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Project. In the event of unforeseen land acquisition or involuntary resettlement under the Project, the Borrower/Recipient shall immediately inform the Fund and prepare the necessary planning documents; (d) women and men shall be paid equal remuneration for work of equal value under the Project; (e) recourse to child labour is not made under the Project; (f) the measures included in the Gender Action Plan prepared for the Project are undertaken, and the resources needed for their implementation are made available, in a timely manner; and (g) all necessary and appropriate measures to implement the Gender Action Plan if any to ensure that women can participate and benefit equitably under the Project are duly taken.
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.

- (b) The Borrower/Recipient and each Project Party shall exercise its rights under any Subsidiary Agreement to which it is party to ensure that the interests of the Borrower/Recipient and the Fund are fully protected and the Project is carried out in accordance with Section 7.01.
- (c) No provision of any Subsidiary Agreement to which the Borrower/Recipient is a party shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund.
- (d) The Borrower/Recipient shall bear any foreign exchange risk under any Subsidiary Agreement to which it is party, unless otherwise agreed by the Fund.

Section 7.12. Performance of the Agreements

- (a) The Borrower/Recipient shall be fully responsible to the Fund for the due and timely performance of all obligations ascribed to it, the Lead Project Agency and all other Project Parties under any Agreement. To the extent any Project Party enjoys legal personality separate from the Borrower/Recipient, any reference to an obligation of such Project Party in an Agreement shall be deemed an obligation of the Borrower/Recipient to ensure that such Project Party performs such obligation. The acceptance by any Project Party of any obligation ascribed to it in an Agreement shall not affect the responsibilities and obligations of the Borrower/Recipient.
- (b) The Borrower/Recipient shall take all necessary or appropriate action within its powers to enable and assist the Lead Project Agency and any other Project Party to perform its obligations under an Agreement. The Borrower/Recipient shall not take, and shall not permit any third party to take, any action that would interfere with such performance.

Section 7.13. Key Project Personnel

The Borrower/Recipient or the Lead Project Agency shall appoint the Project Director and all other key Project personnel in the manner specified in the Agreement or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Agreement or otherwise approved by the Fund. The Borrower/Recipient shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period. The Borrower/Recipient or the Lead Project Agency shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is appropriate.

Section 7.14. Project Parties

Each Project Party shall, as required to carry out the Project in accordance with Section 7.01:

- (a) promptly take all necessary or appropriate action to maintain its corporate existence and to acquire, maintain and renew its rights, properties, powers, privileges and franchises;
- (b) employ competent and experienced management and personnel;
- (c) operate, maintain and replace its plant, equipment and other properties; and
- (d) not sell, lease or otherwise dispose of any of the Project's assets, except in the normal course of business or as agreed by the Fund.

Section 7.15. Allocation of Project Resources

The Borrower/Recipient and the Project Parties shall ensure that the resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.

Section 7.16. Environmental Factors

The Borrower/Recipient and the Project Parties shall take all reasonable measures to ensure that the Project is carried out with due diligence in regard to environmental factors and in conformity with national environmental laws and any international treaties to which the Project Member State may be party. In particular, the Project Parties shall maintain appropriate pest management practices under the Project and, to that end, shall comply with the principles of the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), as amended, and ensure that pesticides procured under the Project do not include any pesticide formulation which would be classified as Extremely Hazardous (Class Ia) or Highly Hazardous (Class Ib) according to *The WHO Recommended Classification of Pesticides by Hazard*, as amended.

Section 7.17. Relending Rates

During the Project Implementation Period, the Borrower/Recipient and the Fund shall periodically review the interest rates applicable to any credits extended to members of the Target Population which are financed (directly or indirectly) by the Financing. These reviews shall be conducted jointly with the objective of reaching or maintaining positive interest rates over time. The Borrower/Recipient shall take any appropriate measures, consistent with its policies and the Fund's policies, to achieve that objective. Among such measures, the Borrower/Recipient and each Project Party extending such credits shall endeavour to minimise its costs. For purposes of this Section, the term "positive interest rate" means, in respect of any credit extended by any Project Party, an interest rate which, after giving effect to inflation, permits such Project Party to recover its costs and achieve sustainability.

Section 7.18. Project Completion

The Borrower/Recipient shall ensure that the Project Parties complete the implementation of the Project by the Project Completion Date. The Fund and the Borrower/Recipient shall agree on the disposition of the assets of the Project upon its completion.

ARTICLE VIII - IMPLEMENTATION REPORTING AND INFORMATION

Section 8.01. Implementation Records

The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter.

Section 8.02. Monitoring of Project Implementation

The Lead Project Agency shall:

- (a) establish and thereafter maintain an appropriate information management system in accordance with the Fund's operational guidelines and Results Measurement Framework;
- (b) during the Project Implementation Period, gather all data and other relevant information (including any and all information requested by the Fund) necessary to monitor the progress of the implementation of the Project and the achievement of its objectives; and
- (c) during the Project Implementation Period and for at least ten (10) years thereafter, adequately store such information, and, promptly upon request, make such information available to the Fund and its representatives and agents.

Section 8.03. Progress Report and Mid-Term Reviews

- (a) The Lead Project Agency, or other party so designated in the relevant Agreement, shall furnish to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably request. At a minimum, such reports shall address (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives, (ii) problems encountered during the reporting period, (iii) steps taken or proposed to be taken to remedy these problems, and (iv) the proposed programme of activities and the progress expected during the following reporting period.
- (b) If specified in an Agreement, the Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Lead Project Agency and approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints.
- (c) The Borrower/Recipient shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. Such recommendations may result in modifications to the Agreement or cancellation of the Financing.

Section 8.04. Completion Report

As promptly as possible after the Project Completion Date but in any event no later than the Financing Closing Date, the Borrower/Recipient shall furnish to the Fund a report on the overall implementation of the Project, in such form and substance as may be specified in the Financing Agreement or as the Fund shall reasonably request. At a minimum, such report shall address (i) the costs and benefits of the Project, (ii) the achievement of its objectives, (iii) the performance by the Borrower/Recipient, the Project Parties, the Fund of their respective obligations under the Agreement, and (iv) lessons learned from the foregoing.

Section 8.05. Plans and Schedules

The Project Parties shall furnish to the Fund promptly upon their preparation, such plans, design standards, reports, contract documents, specifications and schedules relating to the Project, and any material modifications subsequently made therein.

Section 8.06. Other Implementation Reports and Information.

In addition to the reports and information required by the foregoing provisions of this Article:

- (a) The Borrower/Recipient and the Project Parties shall promptly furnish to the Fund such other reports and information as the Fund shall reasonably request on any matter relating to the Project or any Project Party.
- (b) The Borrower/Recipient and the Project Parties shall promptly inform the Fund of any condition that interferes with, or threatens to interfere with, the Implementation of the Project or the achievement of its objectives. In particular, the Borrower/Recipient and the Project Parties shall promptly notify the Fund of any allegations of fraud and/or corruption that are received in relation to any of the Project activities.
- (c) The Borrower/Recipient and the Project Parties shall promptly inform the Fund of any non-compliance with the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse.

ARTICLE IX - FINANCIAL REPORTING AND INFORMATION

Section 9.01. Financial Records

The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date, and shall retain such accounts and records for at least ten (10) years thereafter.

Section 9.02. Financial Statements

The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within four (4) months of the end of each Fiscal Year.

Section 9.03. Audit of Accounts

The Borrower/Recipient shall:

- (a) each Fiscal Year, have the accounts relating to the Project audited by independent auditors acceptable to the Fund in accordance with auditing standards acceptable to the Fund and the Conceptual Framework for Financial Reporting and Auditing of IFAD-financed Projects and Related Handbook ;
- (b) within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof;
- (c) if the Borrower/Recipient does not timely furnish any required audit report in satisfactory form and the Fund determines that the Borrower/Recipient is unlikely to do so within a reasonable period, the Fund may engage independent auditors of its choice to audit the accounts relating to the Project. The Fund may finance the cost of such audit by withdrawal from the Loan and/or Grant Accounts.

Section 9.04. Other Financial Reports and Information

In addition to the reports and information required by the foregoing provisions of this Article:

- (a) The Borrower/Recipient and the Project Parties shall promptly furnish to the Fund such other reports and information as the Fund shall reasonably request on any financial matter relating to the Financing or the Project or any Project Party.
- (b) The Borrower/Recipient and the Guarantor shall promptly inform the Fund of any condition that interferes with, or threatens to interfere with, the maintenance of Loan Service Payments.
- (c) The Project Member State shall promptly furnish to the Fund all information that the Fund may reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt.

ARTICLE X - COOPERATION

Section 10.01. Cooperation, Generally

The Fund, the Cooperating Institution and each Project Party shall cooperate fully to ensure that the objectives of the Project are achieved.

Section 10.02. Exchange of Views

The Fund, the Borrower/Recipient and the Lead Project Agency shall, from time to time at the request of any one of them, exchange views on the Project, the Financing, or any Project Party.

Section 10.03. Visits, Inspections and Enquiries

The Borrower/Recipient and the Project Parties shall enable agents and representatives of the Fund from time to time to:

- (a) visit and inspect the Project, including any and all sites, works, equipment and other goods used for Project-related purposes;
- (b) examine the originals and take copies of any data, accounts, records and documents relevant to the Financing, the Project, or any Project Party; and
- (c) visit, communicate with and make enquiries of all Project personnel and any staff member of any Project Party.

Section 10.04. Audits Initiated by the Fund

The Borrower/Recipient and the Project Parties shall permit auditors designated by the Fund to audit the records and accounts relating to the Project. The Borrower/Recipient and the Project Parties shall cooperate fully with any such audit and accord the auditors the full rights and privileges of agents or representatives of the Fund under Section 10.03. With the exception of audits carried out in accordance with Section 9.03(c), the Fund shall bear the cost of such audits.

Section 10.05. Evaluations of the Project

- (a) The Borrower/Recipient and each Project Party shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation Period and for ten (10) years thereafter.
- (b) As used in this Section, the term "facilitate", in addition to full compliance with Articles VIII, IX and this Article X in respect of such evaluations and reviews, includes providing timely logistical support by making available Project personnel and equipment and promptly taking such other action as the Fund may request in connection with such evaluations and reviews, but does not include incurring out-of-pocket expenses.

Section 10.06. Country Portfolio Reviews

The Project Member State shall permit the agents and representatives of the Fund, in consultation with the Project Member State, to enter its territory from time to time to exchange views with such persons, visit such sites, and examine such data, records and documents as the Fund may reasonably request in order to carry out a general review of all projects and programmes financed, in whole or in part, by the Fund in its territory and all financing extended by the Fund to the Project Member State. The Project Member State shall ensure that all concerned parties cooperate fully in such review.

ARTICLE XI - TAXATION

Section 11.01. Taxation

- (a) The Financing and all Loan Service Payments shall be exempt from all Taxes, and all Loan Service Payments shall be made free and clear of Taxes.
- (b) The Agreement shall be exempt from any Taxes on signature, delivery or registration.
- (c) The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its Financing. Therefore, if the Fund at any time determines that the amount of any such Tax is excessive, discriminatory or otherwise unreasonable, the Fund may, by notice to the Borrower/Recipient, reduce the percentages of Eligible Expenditures to be financed by the Financing which are specified in the Financing Agreement.

ARTICLE XII - REMEDIES OF THE FUND

Section 12.01. Suspension by the Fund

- (a) Whenever any of the following events has occurred and is continuing, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts:
 - (i) The Borrower has failed to make any Loan Service Payment when due, whether or not the Guarantor or any other third party has made such Loan Service Payment.
 - (ii) The Borrower/Recipient has failed to make any payment due under any other Financing Agreement, Guarantee Agreement, or other financial obligation of any kind of the Borrower/Recipient to the Fund, whether or not any third party has made such payment.

- (iii) The Guarantor has failed to make any Loan Service Payment when due.
- (iv) The Guarantor has failed to make any payment due under any other Financing or Guarantee Agreement between the Guarantor and the Fund, or other financial obligation of any kind of the Guarantor to the Fund.
- (v) The Fund has determined that the Project has failed to fulfil, or is unlikely to fulfil in a timely manner, its purposes as stated in the Agreement.
- (vi) The Fund has determined that a situation has arisen which may make it improbable that the Project can be successfully carried out or that any Project Party will be able to perform any of its obligations under any Agreement.
- (vii) The Project Member State has been suspended from membership in the Fund or ceased to be a Member State; or the Project Member State has delivered a notice of its intention to withdraw from the Fund.
- (viii) Any representation made by the Borrower/Recipient, the Guarantor, or any Project Party in any Agreement, or any statement furnished in connection therewith and relied upon by the Fund in making the Financing, is incorrect or misleading in any material respect.
- (ix) If the Borrower/Recipient is not a Member State, the Fund has determined that any material adverse change in the condition of the Borrower/Recipient has occurred.
- (x) Either the Borrower/Recipient or the Guarantor has been unable to pay its debts generally as they come due.
- (xi) Any competent authority has taken action for the dissolution of the Lead Project Agency or suspension of its operations.
- (xii) Any competent authority has taken action for the dissolution of any Project Party (other than the Lead Project Agency) or suspension of its operations, and the Fund has determined that such dissolution or suspension is likely to have a material adverse effect on the Project.
- (xiii) The Borrower/Recipient has failed to make any funds, facilities, services and other resources available to the Project Parties in accordance with Sections 7.02 or 7.03.
- (xiv) The Fund has not received any audit report or other document referred to in Article VIII (Implementation Reporting and Information) or Article IX (Financial Reporting and Information) within the time prescribed therefor in the Agreements, or the audit report is not fully satisfactory to the Fund, or the Borrower/Recipient or any other Project Party has otherwise failed to perform its obligations under Article VIII or IX.
- (xv) The Lead Project Agency or any other Project Party has failed to perform any of its obligations under a Project Agreement.
- (xvi) The Borrower/Recipient or the Lead Project Agency has failed to perform any of its obligations under any Subsidiary Agreement.
- (xvii) Any Project Party (other than the Lead Project Agency) has failed to perform any of its obligations under any Subsidiary Agreement, and the Fund has

determined that such failure has had, or is likely to have, a material adverse effect on the Project.

- (xviii) Any Subsidiary Agreement or any provision thereof has been assigned, waived, suspended, terminated, amended or otherwise modified without the prior consent of the Fund, and the Fund has determined that such assignment, waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project.
 - (xix) The Fund has suspended, in whole or in part, the right of the Borrower/Recipient or the Guarantor to request or make withdrawals under any other Agreement with the Fund.
 - (xx) The Borrower/Recipient or any Project Party has failed to perform any other obligation under the Financing Agreement or any other Agreement.
 - (xxi) The Fund determines that any amount of the Financing has been used to finance an expenditure other than an Eligible Expenditure.
 - (xxii) The Fund, after consultation with the Borrower/Recipient, has determined that the material benefits of the Project are not adequately reaching the Target Population, or are benefiting persons other than the Target Population to the detriment of the Target Population.
 - (xxiii) The Borrower/Recipient has defaulted in the performance of any Special Covenant set forth in the relevant Agreement, and such default has continued unremedied for a period of thirty (30) days, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project.
 - (xxiv) At any time that the Fund determines, with respect to any amount of the Financing, that Prohibited Practices were engaged in by representatives of the Borrower/Recipient or a Project Party or by any other recipients of the proceeds of the Financing without the Borrower/Recipient having taken timely and appropriate action, satisfactory to the Fund, to address such practices when they occur.
 - (xxv) The Fund, after consultation with the Borrower/Recipient, has determined that acts of sexual harassment, sexual exploitation and abuse were engaged in by representatives of the Borrower/Recipient or a Project Party or by any other recipients of the proceeds of the Financing without the Borrower/Recipient having taken timely and appropriate action, satisfactory to the Fund, to address such acts when they occur.
 - (xxvi) Procurement has not been or is not being carried out in accordance with the IFAD Procurement Guidelines.
 - (xxvii) Upon the occurrence or non-occurrence, as the case may be, of any event specified in the relevant Agreement as an additional ground for suspension.
- Such suspension shall become effective upon dispatch of notice by the Fund to the Borrower/Recipient and the Guarantor. Such suspension shall continue until the Fund has notified the Borrower/Recipient that the Borrower/Recipient's right to request withdrawals has been restored in whole or in part.
- (b) If the audit report required by Section 9.03 has not been submitted to the Fund within six (6) months of the date on which it is due, the right of the

Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts shall be suspended, unless the Fund determines otherwise upon reasonable cause shown.

Section 12.02. Cancellation by the Fund

- (a) If any of the following events has occurred, the Fund may cancel in whole or in part the remaining amounts in the Loan and/or Grant Accounts:
- (i) The right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts has been suspended under Section 12.01 with respect to any amount of the Financing for a continuous period of at least thirty (30) days.
 - (ii) The Fund determines after consultation with the Borrower/Recipient that any amount of the Financing will not be required to finance the Project.
 - (iii) After consultation with the Borrower/Recipient, the Fund determines, with respect to any amount of the Financing, that Prohibited Practices were engaged in by representatives of the Borrower/Recipient or any Project Party or any other recipient of the proceeds of the Financing without the Borrower/Recipient having taken timely and appropriate action, satisfactory to the Fund, to remedy the situation.
 - (iv) The Fund has determined that any amount of the Financing has been used to finance an expenditure other than an Eligible Expenditure and the Borrower/Recipient has failed to promptly refund such amount to the Fund upon the Fund's instructions.
 - (v) The Fund has received any notice from the Guarantor terminating its obligations under the Guarantee Agreement.
 - (vi) The Mid-Term Review has recommended that the Project be terminated.
 - (vii) Upon the occurrence or non-occurrence, as the case may be, of any event specified in the relevant Financing Agreement as an additional ground for cancellation.
 - (viii) The Financing has not started disbursing within eighteen (18) months from entry into force of the Financing Agreement.

Such cancellation shall be effective upon dispatch of notice to the Borrower/Recipient.

- (b) Any amounts remaining in the Loan and/or Grant Accounts shall be cancelled on the Financing Closing Date, except for any unwithdrawn balances of applications for withdrawal received by the Financing Closing Date.

Section 12.03. Cancellation by the Borrower/Recipient

After consultation with the Fund and with the concurrence of the Guarantor, the Borrower/Recipient may by notice to the Fund cancel any unwithdrawn amount of the Financing. Such cancellation shall become effective upon acknowledgement thereof by the Fund.

Section 12.04. Applicability of Cancellation or Suspension

Except as expressly provided in this Article, all provisions of the Financing Agreement shall continue in full force and effect notwithstanding any cancellation or suspension.

Section 12.05. Acceleration of Maturity

If at any time any of the following events has occurred, at any subsequent time during the continuance thereof, the Fund may declare the principal amount of the Loan then outstanding, together with all accrued interest and other charges thereon, to be immediately due and payable:

- (a) any event specified in paragraphs (v) through (xii), inclusive, of Section 12.01 has occurred;
- (b) the Fund has declared the principal of any other loan to the Borrower/Recipient or the Guarantor then outstanding to be immediately due and payable;
- (c) any event specified in paragraphs (i) through (iv), inclusive, of Section 12.01 has occurred and continues for a period of thirty (30) days;
- (d) any event specified in paragraphs (xiii) through (xxvii), inclusive, of Section 12.01 has occurred and continues for a period of sixty (60) days after notice thereof has been given by the Fund to the Borrower/Recipient and the Guarantor; or
- (e) any other event specified in the Financing Agreement for the purposes of this Section has occurred and has continued for the period, if any, specified in the Financing Agreement.

Such declaration shall be effective upon dispatch of notice to the Borrower/Recipient and the Guarantor, whereupon such principal, interest and other charges shall become due and payable immediately.

Section 12.06. Other Remedies

The remedies of the Fund set forth in this Article shall not limit or otherwise prejudice any rights or remedies available to the Fund otherwise.

ARTICLE XIII - ENTRY INTO FORCE AND TERMINATION

Section 13.01. Entry into Force

An Agreement or amendment thereto shall enter into force on the date when both the Fund and the Borrower/Recipient have signed it, unless the Agreement states that it is subject to ratification, in which case the Agreement shall enter into force on the date the Fund receives an instrument of ratification.

Section 13.02. Termination before Withdrawal

The Fund may terminate the Agreement and all rights and obligations of the parties thereunder if:

- (a) before the date of first withdrawal from the Loan and/or Grant Accounts, any event of suspension specified in Section 12.01 has occurred; or

- (b) before the date of first withdrawal from the Loan and/or Grant Accounts, the Borrower/Recipient, the Guarantor or any other Project Party has taken any action inconsistent with the object and purpose of any Agreement.

Section 13.03. Termination upon Full Performance

An Agreement and all obligations of the parties thereunder shall terminate when the entire principal amount of the Loan withdrawn from the Loan Account and all interest and other charges which shall have accrued on the Loan have been paid and when all other obligations of the parties have been fully performed, or when agreed by the parties.

ARTICLE XIV - ENFORCEABILITY AND RELATED MATTERS

Section 14.01. Enforceability

The Agreement and the rights and obligations of the parties thereunder shall be valid and enforceable in accordance with their terms, regardless of any law to the contrary in the territory of the Project Member State.

Section 14.02. Failure to Exercise Rights

No delay in exercising, or failure to exercise, any right, power or remedy of any party under an Agreement shall impair any such right, power or remedy, or be construed as a waiver thereof. No action or omission of any party in respect of any default under an Agreement shall impair any right, power or remedy of such party in respect of any subsequent default.

Section 14.03. Rights and Remedies Cumulative

The rights and remedies of any party under an Agreement are cumulative and (except as otherwise expressly provided) not exclusive of any right or remedies that such party would otherwise have.

Section 14.04. Settlement of Disputes

Any dispute, controversy or claim arising out of, or in relation to, an Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, shall be settled in accordance with the Arbitration Rules (2012) of the Permanent Court of Arbitration.

- (a) The number of arbitrators shall be one (1).
- (b) The place of arbitration shall be Rome, Italy.
- (c) The language to be used in the arbitral proceedings shall be the language of the Agreement.

Section 14.05. Applicable Law

Any agreements subject to these General Conditions shall be governed by, and construed in accordance with, public international law.

ARTICLE XV - MISCELLANEOUS PROVISIONS

Section 15.01. Communications

All notices, requests and other communications given or made under an Agreement shall be in writing. Except as otherwise expressly provided in the Agreement, any such notice, request or other communication shall be deemed duly given or made when delivered by hand, mail, telegram, facsimile or email to the party to which it is given or made at such party's address specified in the particular Agreement, or at such other address as such party may designate by notice to the other parties thereto.

Section 15.02. Language of Reporting

The Borrower/Recipient and the Project Parties shall deliver all reports and information to the Fund in the language of the Agreement, or in any other language agreed by the parties.

Section 15.03. Authority to Take Action

The representative or agent so designated in any Agreement, or another person duly authorized in writing by such representative or agent, may take any action and sign any document in connection with such Agreement on behalf of such party.

Section 15.04. Evidence of Authority

Upon request by the Fund, the Borrower/Recipient, the Guarantor and any Project Party shall furnish to the Fund sufficient evidence of the authority of the person or persons referred to in Section 15.03, and the authenticated specimen signature of each such person.

Section 15.05. Modifications of the Agreement

The parties may agree from time to time to modify the terms and conditions of an Agreement or the application of the Agreement. Any amendment to an Agreement shall enter into force in accordance with the provisions of Section 13.01 hereof, unless the parties agree otherwise.

Section 15.06. Change of Entity or Representative

If a party wishes to appoint any successor to, reassigns the responsibilities of, or changes the designation or address of any of the entities specified in an Agreement, such party shall give notice thereof to the other parties. Upon acceptance by the other parties, such new entity shall constitute the entity fully responsible for carrying out the functions assigned to its predecessor under the Agreement.

Section 15.07. Signature of the Agreement

The signature of an Agreement by a party shall constitute the expression of such party's consent to be bound thereby, subject only to any ratification or authorisation required by a rule of internal law of fundamental importance and disclosed to the other party in writing before such signature.

Prin prezenta confirm că textul alăturat este o copie autentică a Acordului de finanțare dintre Republica Moldova și Fondul Internațional pentru Dezvoltarea Agricolă în vederea realizării proiectului „Îmbunătățirea capacităților pentru transformarea zonei rurale (IFAD VIII)”, semnat la Chișinău, la 26 iunie 2020, originalul fiind depozitat la Arhiva Tratatelor a Ministerului Afacerilor Externe și Integrării Europene.



Vilen MURZAC,
Șef a.i. al Direcției Drept Internațional
a Ministerului Afacerilor Externe și
Integrării Europene