

No. 48308

**International Fund for Agricultural Development
and
Nepal**

**Financing Agreement (High Value Agriculture Project in Hill and Mountain Areas (HVAP))
between the Government of Nepal and the International Fund for Agricultural Development
(with schedules and General Conditions for Agricultural Development Financing dated 29 April 2009). Kathmandu, 5 July 2010**

Entry into force: *5 July 2010, in accordance with section 13.01 of the General Conditions*

Authentic text: *English*

Registration with the Secretariat of the United Nations: *International Fund for Agricultural Development, 24 February 2011*

**Fonds international de développement agricole
et
Népal**

Accord de financement (Projet d'appui à une agriculture de haute valeur dans les zones collinaires et montagneuses (HVAP)) entre le Gouvernement du Népal et le Fonds international de développement agricole (avec annexes et Conditions générales applicables au financement du développement agricole en date du 29 avril 2009). Katmandou, 5 juillet 2010

Entrée en vigueur : *5 juillet 2010, conformément à la section 13.01 des Conditions générales*

Texte authentique : *anglais*

Enregistrement auprès du Secrétariat des Nations Unies : *Fonds international de développement agricole, 24 février 2011*

[ENGLISH TEXT – TEXTE ANGLAIS]

LOAN NO. 796-NP
GRANT NO. DSF-8050-NP

FINANCING AGREEMENT

High Value Agriculture Project in Hill and Mountain Areas
(HVAP)

between the

GOVERNMENT OF NEPAL

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in Kathmandu, Nepal

on 5 July 2010

FINANCING AGREEMENT

Loan Number: 796-NP

Grant Number: DSF-8050-NP

Project Title: High Value Agriculture Project in Hill and Mountain Areas (HVAP) (the "Project")

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

and

the Government of Nepal (the "Borrower/Recipient")

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

hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), 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, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is four million seven hundred and fifty thousand Special Drawing Rights (SDR 4 750 000).
2. The amount of the Grant is four million seven hundred and fifty thousand Special Drawing Rights (SDR 4 750 000).
3. The Loan is granted on highly concessional terms as provided for in Section 5.01 (a) of the General Conditions.
4. The Loan Service Payment Currency shall be the US dollar.
5. Payments of principal and service charge shall be payable on each 1 June and 1 December, with payments of principle commencing on 1 June 2020.
6. There shall be a Project Account for the benefit of the Lead Project Agency in a bank acceptable to the Fund.
7. The first day of the applicable Fiscal Year shall be 16 July.

8. The Borrower/Recipient shall provide counterpart financing to the Project for the amount of one million seven hundred and twenty four thousand United States Dollars (1 724 000 USD) to reimburse taxes paid by the Project and for other purposes.

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture and Cooperatives of the Borrower/Recipient.
2. Additional Project Parties include but are not limited to service providers and institutions mentioned in Schedule 1.
3. The Project Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement.

Section D

The Loan and Grant will be administered and the Project supervised by the Fund.

Section E

1. The following is designated as an additional ground for suspension of this Agreement: the Project Manager shall have been appointed or removed from the Project without the prior concurrence of the Fund.

2. (a) The following are designated as additional general conditions precedent to withdrawal:

(i) the Project Steering Committee (PSC) and Project Consultative and Coordination Committee shall have been established and the members selected;

(ii) the Project Manager for the Project Management Unit shall have been selected and appointed, through a competitive selection process, and shall be acceptable to the Fund;

(iii) the Accounts Officer and the Administrative Officer for the Project Management Unit shall have been designated and shall be acceptable to the Fund;

(iv) the members of the Project Management Unit shall have been contracted within 9 months of entry into force of this Agreement and shall be acceptable to the Fund; and

(v) a final draft version of the Project Implementation Manual shall have been approved by the Borrower/Recipient and by the Fund.

(b) The following is designated as an additional specific condition precedent to withdrawal: disbursement under Category IV (Funds) will commence only once Eligibility Guidelines and Procedures for the funds satisfactory to the Fund, have been prepared, and contracting of NGO service providers has been completed.

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

For the Fund:

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

For the Borrower/Recipient:

Secretary
Ministry of Finance
Singhdurbar, Kathmandu
Nepal

This agreement, dated 5 July 2010, has been prepared in the (English) language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

Signed by:

(Ronald Thomas Hartman)
On behalf of Kanayo F. Nwanze
President

For the Fund

Ronald Thomas Hartman
Country Programme Manager

Signed by:

(Lal Shanker Ghimire)

For the Borrower/Recipient

Lal Shanker Ghimire
Joint Secretary
Foreign Aid Coordination
Division
Ministry of Finance