

SUPPLEMENTARY FUNDS AGREEMENT

BETWEEN

THE GOVERNMENT OF BELGIUM, THROUGH ITS FEDERAL PUBLIC SERVICE
FOREIGN AFFAIRS, FOREIGN TRADE AND DEVELOPMENT COOPERATION –
DIRECTORATE-GENERAL FOR DEVELOPMENT COOPERATION (DGD) AND

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

REGARDING

PROVISION OF FINANCIAL ASSISTANCE FOR THE “GLOBAL PROGRAMME
FOR SMALL-SCALE AGROECOLOGY PRODUCERS AND SUSTAINABLE FOOD
SYSTEMS TRANSFORMATION (GP-SAEP)”

WHEREAS:

A. The Government of Government of Belgium, through its Federal Public Service Foreign Affairs – Directorate-General for development Cooperation (DGD) (the "**Donor**") and the International Fund for Agricultural Development ("**IFAD**") share the *common* objective to improve food security and resilience of poor rural people;

B. The Donor has decided to provide a financial contribution of EUR 5,000,000 to finance the "Global Programme for Small-scale Agroecology Producers and Sustainable Food Systems Transformation (GP-SAEP)" project (hereinafter the "**Project**") as described in the Schedule 1 (the Project's concept note¹) herein, subject to the terms and conditions set forth in this Supplementary Funds Agreement (the "**Agreement**");

C. IFAD is prepared to accept the financial contribution of EUR 5,000,000 from the Donor, including its administration, according to the provisions set forth in this Agreement and Schedule 2 (budget) which forms an integral part of this Agreement; and

D. IFAD shall be empowered to represent the Donor in matters concerning the implementation of this Agreement.

NOW THEREFORE, the Donor and IFAD (also referred individually as "**Party**" and together as "**Parties**") hereto agree as follows:

I. THE CONTRIBUTION

1. The Donor will make available to IFAD, for the purpose of the Project, a financial contribution in the amount of EUR 5,000,000 (the "**Contribution**").
2. The Parties acknowledge and agree that the funds being given to IFAD as the Contribution by the Donor shall be considered and treated as supplementary funds under IFAD's governing rules and regulations applicable to such funds.
3. IFAD will use the Contribution exclusively for the purpose of the Project as described in Schedule 1 and in accordance with the terms and conditions set forth in this Agreement.

¹ To be inserted.

4. Any modification of the present agreement and proposal shall be officially requested in writing to the Director General of the DGD and must receive its written approval.

II. THE PROJECT AND ACTIVITIES

1. The purpose of the Project is to contribute to the transition to sustainable agri-food systems for the benefiting of the rural poor through supporting agroecology in IFAD investment projects and beyond by providing knowledge and tools to the broader development community for scaling-up integrated food systems transformation approaches, as further detailed under Schedule 1 of this Agreement.
2. The Project shall commence upon signature of the Agreement by both Parties and be implemented up to 31 December 2025. A no cost extension can be allowed by the Donor, provided that a reasonable justification is given and that the overall objective of the Project is maintained. The request and the approval will be done via an exchange of letters. The letters will constitute an integral part of this Agreement.

III. FINANCIAL PROVISIONS

1. The Contribution will be provided by the Donor to IFAD in EUR in three instalments as specified in this Section 1 of the Article III.
The first instalment is to be paid promptly upon receipt of the countersigned copy of this Agreement and receipt of a formal request for payment, including IFAD bank account as stated in the Section 2 of this Article III below. Subsequent instalments shall be paid as set out in this Section 1 of the Article III upon receipt of a formal request for payment and subject to receipt of a progress report on the Project status related to the preceding year of the Project implementation.
 - first instalment immediately upon signature – EUR 1,000,000 (includes a coordination levy of 50.000 EUR)
 - Second instalment in 2023 – EUR 2,000,000
 - Third instalment in 2024 – EUR 2,000,000

2. The Contribution shall be credited in EUR to the following supplementary funds account of IFAD:

Account holder:	International Fund for Agricultural Development
Name and place of bank:	Banca Popolare di Sondrio, Sondrio, Italy
Account name:	IFAD PRCUR
Account currency:	EUR
Swift code:	POSOIT22
IBAN:	IT38W0569611 000EDCEU051 0880

3. The Donor shall specify the purpose of payment in order to identify credit on receipt and shall notify IFAD of each deposit in writing immediately upon payment.
4. Upon notification from the Donor of each deposit, IFAD shall acknowledge the receipt of the funds and notify the Donor in writing.
5. IFAD shall promptly inform the Donor of any significant changes in the plan of operations of the Project which might involve a modification of the funding requirements.
6. In order to contribute to the defrayment of the cost of administering the Contribution, IFAD will deduct from the Contribution and will retain for its own account an up-front charge of 8% of the total cost of the Project in proportion to each received instalment plus complete interest retention.
7. Pursuant to paragraph 10(a) of United Nations General Assembly Resolution 72/279 of 31 May 2018, the Donor agrees to pay IFAD an amount corresponding to 1% of the supplementary funds contribution amounting to EUR 50,000, as a "**Coordination Levy**". IFAD will hold the Coordination Levy in trust until it transfers the said levy to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Fund, which has been established to fund the United Nations Resident Coordinator System. Upon transfer to the United Nations Secretariat, the fiduciary responsibility for the Coordination Levy will lie with the United Nations Secretariat as the manager of the United Nations Resident Coordinator System. Accordingly, IFAD will no longer be responsible for the use and administration of the Coordination Levy and will have no obligation to repay or return it to the Donor in full or in part.
8. IFAD shall maintain separate records and ledger accounts in respect of the Contribution deposited by the Donor under this Agreement and the disbursement(s) thereof.

9. IFAD's disbursements to the grantees under the grant agreement(s) shall be subject to the following conditions:
- (a) sufficient funds shall be deposited by the Donor with IFAD;
 - (b) IFAD should be notified of each deposit made by the Donor in writing; and
 - (c) IFAD shall have no obligation to extend any financing under this Agreement if no funds are available.
10. Any balance of the Contribution remaining unspent following the completion of the Project and discharge of all activities and commitments entered into for the purpose of the Project, shall be refunded to the Donor or otherwise dealt with as mutually agreed in writing by the Parties.

IV. PROCUREMENT AND REPORTING

1. Procurement of goods for the purpose of the Project shall be carried out in accordance with IFAD's rules and regulations, including but not limited to IFAD's Project Procurement Guidelines, IFAD's General Conditions for Agricultural Development Financing, and IFAD's Handbook on consultants and other persons hired by IFAD under a non-staff contract.
2. To the extent possible, the Belgian suppliers of goods and services will be given the same opportunities to participate in the bidding as other suppliers. Local and regional suppliers of goods and services shall be encouraged to submit tenders.
3. IFAD will provide the Donor by 31 March of each year, with copies of IFAD narrative and financial reports covering the Project implementation period up to 31 December of the preceding calendar year of the Project implementation .
4. In accordance with IFAD rules and procedures for the management and use of supplementary funds, the accounting records of the Contribution will be audited on an annual basis by an external audit firm as part of IFAD's consolidated financial statements. If the external Auditor's audit opinion should include observations about the way the Contribution is used, IFAD commits to inform the Donor in this regard and to update the Donor of its answer and potential actions to correct the situation. At the request of the Donor, after consultation and in agreement with IFAD, IFAD may require its external

auditors to perform a specific audit of the Contribution. In this case, the related costs shall be borne by the Donor.

5. Within 180 (one hundred and eighty) calendar days from the year end closing (31st December), IFAD shall provide the Donor with the financial report related to the Contribution extracted from the IFAD annual consolidated financial statements.
6. All records and accounts related to the Contribution shall be expressed in EUR.
7. Upon written request by the Donor, IFAD will provide the Donor with a list of all planned supervision missions, reviews and evaluations to allow the Donor's representatives participation to visit and study various activities of relevance for the Donor's follow-up of its Contribution and the Project's impact.

V. COMMUNICATION AND VISIBILITY

1. IFAD agrees to keep the Donor informed on key issues, as well as of progress in the Project implementation.
2. The Donor and IFAD shall meet annually and whenever necessary review the progress of the Project's on-going activities.
3. All notices and communications under this Agreement shall be in English in writing and delivered in person, sent by mail, or sent as scanned document by email and shall be directed to the following addresses:

For the Donor:

The Directorate General for Development Cooperation & Humanitarian Aid – D2.5
Federal Public Service of Foreign Affairs, Foreign Trade and Development Cooperation
Rue des Petits Carmes 15
1000 Brussels, Belgium

For IFAD:

Director, Global Engagement, Partnership and Resource Mobilization Division
Via Paolo di Dono 44, 00142 - Rome, Italy
E-mail: r.hartman@ifad.org

4. The Donor and IFAD shall advise one another of any change of address.
5. Unless the Donor requests or agrees otherwise, IFAD shall take all appropriate measures to publicize the fact that the Project has received funding from Belgium. Information given to the press and to the Final Beneficiaries, official notices, reports and publications shall acknowledge that the project was carried out "with funding by Belgium" and shall display the Donor's logo in an appropriate way.

VI. EFFECTIVENESS AND TERMINATION

1. This Agreement shall enter into force on the date of its signature by the Parties, as of the date of the last signature, and shall remain in force and effect until closing of the Project in accordance with Schedule 2 of this Agreement, unless earlier terminated in accordance with Section 2 or 3 of this Article VI.
2. Either Party has the right to terminate at any time this Agreement by giving the other Party a three months written notice.
3. If either Party breaches any provision of this Agreement and if such breach is not cured within thirty (30) calendar days after receiving written notice from the other Party specifying such breach in reasonable detail, the non-breaching Party shall have the right to terminate this Agreement by giving written notice thereof to the Party in breach, which termination shall go into effect immediately on receipt of the notice.
4. The Parties agree that in case of early termination of this Agreement in accordance with Section 2 or 3 of this Article VI, IFAD shall return to the Donor any unexpended portion of the Contribution following:
 - (a) the satisfaction of all commitments and liabilities undertaken by IFAD hereunder prior to the receipt of the notice of termination (including but not limited to any liability arising out of contractual obligations entered into by IFAD with any consultant and/or third party); and
 - (b) the orderly conclusion of all activities that are ongoing under this Agreement at the time of receipt of the notice of termination.

VII. ANTI-CORRUPTION

1. IFAD has a mandate to enable the rural poor to overcome poverty, and the prevention of corruption in its operations is inherent in this role. IFAD is committed to promoting and adhering to the highest standards of probity and accountability in the use of its funding and takes a zero-tolerance stance towards cases of fraud and corruption in its activities and operations, both within the institution and under its projects and programs. IFAD will provide as soon as possible information relating to any instances of credible allegation of fraud or corruption with regards to an earmarked programme in accordance with IFAD's anti-fraud policy, with due consideration to the integrity of the investigation or the safety or security or due process rights of the entities involved in the investigation.

VIII. ANTI-MONEY LAUNDERING, COUNTERING THE FINANCING OF TERRORISM AND SANCTIONS

1. IFAD is committed to promoting and adhering to the highest standards of probity and accountability in the use of its financing and will not tolerate the diversion of the resources entrusted to it by Member States, non-Member States and other sources. IFAD recognizes that combating money laundering and preventing terrorism financing are core components of the Fund's development mandate and applies its Anti-Money Laundering and Countering the Financing of Terrorism Policy and its related Procedures, which aim to ensure that IFAD identifies, assesses and adequately mitigates financial crime/integrity risks so as to reduce the risk of IFAD's exposure to serious reputational damage, financial loss or legal liability. IFAD shall use reasonable measures, in accordance with its policies and procedures, to ensure that the funds provided under this Agreement are not used for the purpose of any payment that would be prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

IX. UNSATISFACTORY CONDUCT/MISCONDUCT INCLUDING SEXUAL EXPLOITATION, ABUSE AND HARASSMENT

1. IFAD will take appropriate measures to prevent unsatisfactory conduct/misconduct (harassment, sexual harassment, sexual exploitation and abuse, other forms of misconduct) in accordance with its policies and procedures, and in line with the Inter-Agencies Standard Committee core principles listed in Schedule 3 to this Agreement. In

the event that IFAD determines that there are credible allegations of prohibited unsatisfactory conduct/misconduct, IFAD will take swift and appropriate action to stop such behaviour, which may include disciplinary proceedings in accordance with IFAD's applicable policies and procedures.

2. IFAD will promptly report credible sexual exploitation, abuse and harassment ("SEA and SH") allegations to the Member States through the Member States Interactive Platform, in accordance with its applicable policies and procedures. The level and nature of details provided on the allegations will take into consideration the obligation to respect confidentiality and the integrity of the investigation. In addition, information on closed investigations of unsatisfactory conduct/misconduct, including SEA and SH , will also be disclosed in the IFAD Office of Audit and Oversight's publicly available Annual Report on the IFAD Investigation and Anticorruption Activities, in accordance with its applicable policies and procedures. The report will provide information on the nature, source and reporting channels of the misconduct, the findings of the investigation, and any action taken by IFAD. In addition to the above, IFAD will also report credible SEA allegations to the UN SEA tracker dedicated to the reporting of allegations of SEA.

X. DATA PRIVACY

1. IFAD is committed to international standards of personal data protection as outlined in IFAD's Personal Data Privacy Guidelines and its Privacy Notice. This requires that sufficient and adequate due diligence and other controls are in place to safeguard personal data processed while carrying out project activities. Safeguards include applying appropriate security, restricting access, only sharing where necessary, and retaining personal data only for as long as is necessary.

XI. PRIVILEGES AND IMMUNITIES

1. Pursuant, inter alia, to the Agreement Establishing IFAD, adopted by the United Nations Conference on 13 June 1976 and entered into force on 30 November 1977, as amended from time to time (the "**Agreement Establishing IFAD**") and the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations (1947) (the "**Convention**"), the Grantee enjoys such privileges and immunities as are necessary for the independent fulfilment of its purposes. Nothing contained in or relating to this Agreement shall operate as or be construed to constitute a waiver, renunciation or any other modification, express or implied, of, or otherwise affect, any privilege or immunity of

IFAD under the Agreement Establishing IFAD, the Convention or under any applicable law, international treaty or convention, or under international customary law, nor as conferring any privileges or immunities of IFAD on the Donor

XII. APPLICABLE LAW AND DISPUTE SETTLEMENT

1. The present Agreement and any document or arrangement relating thereto shall be governed by general principles of international law, to the exclusion of any single national system of law.
2. The Parties agree that in the event of any controversy or dispute arising out of or in connection with the implementation of this Agreement, every effort shall be made to amicably reach a settlement by direct negotiation. In cases where consultations or negotiations do not allow the Parties to come to an agreement, the controversy/dispute shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration, Arbitration Rules 2012.

XIII. GENERAL PROVISIONS

1. IFAD shall not be liable for any delay, damages, costs or losses caused to the Project due to a late deposit or a failure by the Donor to deposit the Contribution due under this Agreement.
2. IFAD will exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs. IFAD will exercise the overall responsibility for the execution of the Project with the aim of ensuring effective and timely delivery of inputs and production of outputs as agreed under this Agreement.
3. This Agreement may be amended only by written agreement between the Parties.

In witness whereof, the Parties, being duly authorized thereto, have signed the present Agreement in English in two original copies.

For the Government of Belgium



Frank Vandebroucke
Deputy Prime Minister and Minister
of Social Affairs and Public Health,
in charge of Development
Cooperation and Major Cities Policy

07 DEC. 2022

Date: _____

**INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT**



Ronald Thomas Hartman
Director
Global Engagement, Partnership and
Resource Mobilization Division

Date: 14 December 2022

Schedule 1 – Concept Note

(programme document of the “Global Programme for Small-scale Agroecology Producers and Sustainable Food Systems Transformation” is attached)

Schedule 2 – Budget

Budget Headings	Budget Lines	Budget
A. TOTAL GRANT-RELATED DIRECT COSTS	Component 1: Agroecology relevant inputs (seeds, bio-inputs, mechanical and digital technologies)	€2 050 000
	Component 2: Increasing value addition and markets for agroecological produce	€2 050 000
	Component 3: Empowering Small-Scale Farmers in the Agroecological Transition through Participatory Rural Advisory Services (RAS)	
	Component 4: Improving Economic and Financial Analysis of investments (EFA+) tools, knowledge management and sharing.	€220 436
	Support to the UN FSS Coalition on Agroecology	
	A. TOTAL GRANT-RELATED DIRECT COSTS	€4 320 436
B. TOTAL IFAD DIRECT COSTS	Cost of staff assigned to the project	€207 897
	Technical assistance, supervision, implementation support (missions)	€55 000
	B. TOTAL IFAD DIRECT COSTS	€262 897
E= (C+D) TOTAL DIRECT ELIGIBLE COSTS		
	E= (C+D) TOTAL DIRECT ELIGIBLE COSTS	€4 583 333
= (E+F+G) TOTAL ELIGIBLE COSTS	F. Indirect costs (8%)	€366 667
	G. UN Levy (1%)	€50 000
	H= (E+F+G) TOTAL COSTS	€5 000 000

Schedule 3 : IASC Six Core Principles Relating to Sexual Exploitation and Abuse

1. Sexual exploitation and abuse by humanitarian/development workers constitute acts of gross misconduct and are therefore grounds for termination of employment.
2. Sexual activity with children (persons under the age of 18) is prohibited regardless of the age of majority or age of consent locally. Mistaken belief regarding the age of a child is not a defense.
3. Exchange of money, employment, goods, or services for sex, including sexual favors or other forms of humiliating, degrading or exploitative behavior is prohibited. This includes exchange of assistance that is due to beneficiaries.
4. Any sexual relationship between those providing assistance and protection and a person benefitting from such assistance and protection that involves improper use of rank or position is prohibited. Such relationships undermine the credibility and integrity of humanitarian aid/development work.
5. Where a humanitarian/development worker has concerns or suspicions regarding sexual abuse or exploitation by a fellow worker, whether in the same agency or not, he or she must report such concerns via established reporting mechanisms.
6. Humanitarian/Development workers have the responsibility to create and maintain an environment which prevents sexual exploitation and abuse and promotes the implementation of their code of conduct. Managers at all levels have particular responsibilities to support and develop systems which maintain this environment.