AGREEMENT ("Agreement") dated 20 July 2012 between the International Fund for Agricultural Development (the "Fund" or "IFAD") and the International Centre for Agricultural Research in the Dry Areas – ICARDA (the "Centre") (the Fund and the Centre hereinafter collectively referred to as the "Parties") for the 2011 EC Contribution to the Consultative Group on International Agricultural Research ("CGIAR")

CONSIDERING:

(A) The Commission of the European Communities, representing the European Union (the "EC" or "EU") has entered into a Contribution Agreement with the Fund (the "EC Contribution Agreement"), with reference number 2011/260-204, pursuant to which the Fund may, inter alia, receive a contribution of up to Euro four (4) million for the Centre ("EC Contribution") in order to implement the 2011 EC Contribution to the Project summarized in Schedule 1 hereto (the "Project");

(B) the Fund adheres to the principles and guidelines as set out in the Financial and Administrative Framework Agreement ("FAFA") entered into between the European Community and the United Nations on 29 April 2003, and to which the Fund acceded on 27 September 2004;

(C) the Fund has entered into a contribution agreement with the International Bank for Reconstruction and Development ("IBRD") as trustee for the multi-donor trust fund MTO 069018 ("CGIAR Fund") dated 7 March 2012 for the purpose of channelling the portion related to the first period of implementation of the EC Contribution Agreement, as well as setting forth the terms and conditions pursuant to which the first instalment of the EC Contribution will be provided by IFAD to the CGIAR Fund – Window 3, and subsequently transferred to the specific CGIAR centres to implement the Project;

(D) IFAD expects to enter into further agreement(s) with the IBRD for the purposes of channelling any subsequent instalment(s) of the EC Contribution to the Centre, provided that the conditions listed in paragraph 4 of this Agreement have been fulfilled.

NOW THEREFORE, IFAD and the Centre wish to set forth the terms and conditions under which the EC Contribution transferred to the Centre by the CGIAR Fund shall be managed by the Centre, and therefore hereby agree to the following:

I. THE PROJECT

1. Date of Entry into Force, Project Completion Date and Closing Date. The Project shall be carried out starting on the date on which this Agreement enters into force, such being the date thirty (30) days after its signature by the Parties unless, within such period, the EC notifies IFAD that the provisions thereof are not acceptable to the EC ("Date of Entry into Force"). The Project implementation shall be completed no later than 31 December 2013 ("Project Completion Date"). All obligations of the Parties with the exception of the obligation to retain records, accounts and documents for operation reviews or evaluations and to facilitate supervision and evaluation shall have been performed no later than 30 April 2014 (the "Closing Date"), the date four (4) months after the Project Completion Date.

2. Implementation. The Centre shall implement the Project in order to accomplish the Goals, and Objectives set forth in Schedule 1 hereto. The Centre shall implement the Project (i) with due diligence, transparency and efficiency as required by best practice in the field concerned; (ii) in conformity with appropriate administrative, engineering, financial, economic, operational, environmental, technical and research practices; (iii) in accordance with the Work Plan and Budgets approved by IFAD; and (iv) otherwise in accordance with this Agreement. The Centre shall exercise the same care in the administration of the EC Contribution as it exercises in the administration of its own funds, having due regard to economy and efficiency and the need to uphold the highest standards of integrity in the administration of public funds, including the prevention of fraud and
corruption. All suspected and actual cases of irregularity, fraud and corruption related to this Agreement as well as measures related thereto taken by the Centre shall be reported to the Fund without delay. Where appropriate the Centre shall terminate contracts with partners, contractors or agents involved in fraudulent behaviour or corrupt practices in connection with this or any other Project implemented by the Centre and financed by the EU and/or IFAD and shall take all reasonable measures to recover funds unduly paid. The Centre shall make every effort to mobilise all the financial, human and material resources required for the full implementation of the Project, as specified in Schedule 1 hereto.

3. Eligible Expenditures. The Centre shall have the right to incur expenditures under the EC Contribution necessary to meet the costs of implementing the Project, as long as these expenditures are considered eligible by the Fund. In order for these expenditures to be considered eligible by the Fund, they must meet the following requirements: they must (a) meet the reasonable cost of (b) goods, works or services (c) required for the Project (d) in accordance with the EC Contribution Agreement (e) which are procured in accordance with the Centre’s Procurement Procedures, bearing in mind that in any event goods, organisations, companies and experts eligible under the applicable regulatory provisions of the EU shall be eligible, and that potential candidates or tenderers and grant beneficiaries shall be excluded from the participation in a procurement or award procedure financed by the EC Contribution, if these persons: (i) are bankrupt or being wound up, are having their affairs administered by the courts; (ii) have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations; (iii) have been convicted of an offence concerning their professional conduct by a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Fund’s or the EC’s financial interests; (iv) are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information. In addition, in order for the expenditures to be considered eligible by the Fund, they must (f) be incurred in the period starting on 1 January 2011 ending on the Project Completion Date ("Project Implementation Period"); (g) must not involve a payment which is prohibited by a decision of the United Nations Security Council or any other policy of the Fund and must (h) be recorded in the Centre’s accounts, be identifiable and supported by adequate documentation and (i) be verifiable by the Fund and/or the EC. For the avoidance of doubt, any cost or expenditure, whether or not related to the Project, covering debts and debts service charges, provisions for losses or potential future liabilities and currency exchange losses shall not be considered eligible for the purpose of this Agreement.

4. Payment of the EC Contribution.

(a) The EC Contribution will be transferred to the Centre, through the CGIAR Fund, in accordance with the following payment schedule:

(i) The first instalment shall consist of an amount up to Euro 1 163 750 (one million one hundred and sixty three thousand seven hundred and fifty Euros) representing 95% of the forecast budget, for the first twelve month period of the Project starting on 1 January and ending on the 31 December ("Fiscal Year") of 2011.

(ii) The second instalment shall consist of an amount up to Euro 1 320 000 (one million three hundred and twenty thousand Euros) representing 95% of the forecast budget for the second Fiscal Year of the Project Implementation Period plus a payment covering the actual budget for the first Fiscal Year.

(iii) The third instalment shall consist of an amount up to Euro 1 443 750 (one million four hundred and forty three thousand seven hundred and fifty Euros) representing 95% of the forecast budget for the third Fiscal Year of the Project plus a payment covering the actual budget for the second Fiscal Year.

(iv) The fourth instalment shall consist of the eligible EC Contribution amount outstanding at the "Closing Date" (30 April 2014, or such later date as may be notified by the Fund to the Centre), and shall cover the actual budget incurred during the Project Implementation Period, which shall not exceed 5% of the forecast budget of last Fiscal Year of the Project Implementation Period.
(b) The first disbursement is expected to be made available, through the CGIAR Fund, after the Date of Entry into Force of this Agreement upon submission to the Fund by the Centre of two (2) copies of this Agreement duly countersigned by an authorized representative of the Centre.

(c) Each payment subsequent to the first one will be made, through the CGIAR Fund, after submission to the Fund and subsequent approval by the EC of progress reports/final report, and a statement of expenditure as defined in section 5 below, with respect to the use of at least 75% of the immediately preceding instalment (and 100% of previous instalments if any). Approval of a report does not imply recognition of the regularity, authenticity, completeness and correctness of the declarations and information contained therein.

(d) Each and every one of the above instalments shall be channelled to the Centre only if and to the extent that the relevant funds under the EC Contribution have been duly received by IFAD for the specific purpose of funding the Project, and only if and to the extent that the Fund has entered into contribution agreement(s) with the IBRD regarding the respective instalments. Without prejudice to the foregoing, and notwithstanding any provision to the contrary in this Agreement, the Fund shall not be liable to the Centre for any amount exceeding the provided EC Contribution established in letter (A) of the Preamble to this Agreement, nor shall the Fund be liable for any exchange losses which should arise, directly or indirectly, in connection with the channelling to the Centre of the relevant EC Contribution instalment(s). The Centre hereby undertakes to hold harmless and to indemnify the Fund for any such exchange losses and to adopt the prevailing exchange rate used by the IBRD to convert into USD the contribution received.

(e) Neither this Agreement nor the payments attached to it shall be assigned by the Centre to a third party in any manner whatsoever without the prior written consent of the Fund.

II. REPORTING

5. Progress Reports.

(a) Upon submission of a request for pre-financing but in any event no later than forty-five (45) days after the Date of Entry into Force of this Agreement and on or before 28 February 2013, the Centre shall submit to the Fund a Progress Report describing the quantitative and qualitative progress of the Project achieved respectively during calendar years 2011 and 2012, as well as any other issues that the Fund may reasonably request. When required by IFAD, Progress Reports shall include an updated logframe based on the outcomes of the baseline study. The logframe shall have clearly defined measurable indicators, agreed with IFAD, to be the basis of the Project outcomes.

(b) Each Progress Report shall cover the whole of the Project regardless of whether the Project itself is wholly financed or co-financed by the EC and shall be accompanied by an unaudited Statement of Expenditure, following the sample set forth in Schedule 3 hereto, covering the preceding Fiscal Year as well as an annual work plan and budget for the current Project Year to be approved by the Fund. The reporting currency for the issuance of the financial reports (Statement of expenditures) shall be the EURO. The Centre shall inform the Fund without delay of any circumstances likely to hamper or delay the implementation of the Project. The Fund may request additional information any time, providing the reasons for the request. Such information shall be supplied by the Centre within fifteen (15) days of the request. Failure by the Centre to comply with the obligation to provide a progress report by the relevant deadline specified therefor may result in the Fund terminating this Agreement, taking action to prevent payment of any outstanding amount from being made and in recovering any amount unduly paid.

6. Final Report. As soon as possible after the Project Completion Date, but in no event later than four months thereafter, the Centre shall provide the Fund with a Final Report covering the whole implementation period of this Agreement and consisting of (i) a Final Statement of Expenditure signed
by an authorised representative of the Centre which reports on the use of the total amount of the EC Contribution; (ii) a Completion Report, of such scope and in such detail as the Fund shall reasonably request, on the execution of the Project, its costs, the activities undertaken, the level of accomplishment of the Project Goals and Objectives, the results achieved from the Project and the benefits derived and to be derived from it; (iii) information on the measures taken to identify the European Union as the source of financing and details on the transfer of assets mentioned in paragraph 12 below; and (iv) the audited financial statements and Audit Opinion Letter required under paragraph 7 below. If the Centre fails to supply a final report by the final reporting date specified herein above, and fails to furnish acceptable written explanations of the reasons why it is unable to comply with this obligation, the Fund may take action to prevent payment of any outstanding amount from being made and to recover any amounts unduly paid.

7. **Accounts and Audit.** The Centre shall maintain separate records and financial accounts prepared in accordance with internationally recognized standards in respect of the EC Contribution. The Centre shall ensure that the entire Project Implementation Period is covered by internal and external audit. The Centre shall have its institutional accounts audited every year by independent auditors acceptable to the Fund in accordance with the International Standards on Auditing. The Centre shall deliver to the Fund, for onward submission to the EU, a copy of its audited financial statements which shall include specific reference to the EC Contribution as soon as possible after the end of the Centre’s Fiscal Year. Within four (4) months of the end of the Centre’s Fiscal Year, the Centre shall ensure that within its audited financial statements, or separately, an Audit Opinion Letter on the Statement(s) of Expenditure submitted to the Fund during the Fiscal Year is duly completed by its independent auditor and it is sent to the Fund.

III. **VISIBILITY, RIGHTS OF REPRODUCTION AND DISTRIBUTION, AND OWNERSHIP OF EQUIPMENT**

8. **Acknowledgements.** In the event that and prior to the production of any written, audio-visual and/or information technology material connected with or resulting from the Project by the Centre and intended for limited or general publication, the Centre shall consult with the Fund regarding the form and substance of the acknowledgement of the Fund's and the EC’s role in providing funding for the Project and shall include an acknowledgement in terms agreed by both Parties. Information given to the press, the beneficiaries of the Project, all related public material, official notices, reports and publications, shall acknowledge that the Project was carried out "with funding by the "European Union" and technical support of "IFAD"" and shall display in an appropriate way IFAD's official emblem and also the European Logo (twelve (12) yellow stars on a blue background).

(i) In cases where the equipment or vehicles and major supplies have been purchased using funds provided by the EC and with the technical support of IFAD, the Centre shall include appropriate acknowledgement on such vehicles, equipment and major supplies (including display of the IFAD's official emblem and European Logo (twelve (12) yellow stars on a blue background) provided that such actions do not jeopardise the social, political and cultural working environment of the Project and the safety and security of the Centre's staff.

(ii) The size and prominence of the acknowledgement and IFAD's official emblem and the EU Logo shall be clearly visible in a manner that will not create any confusion regarding the identification of the Project as an activity of the Centre, the ownership of the equipment and supplies by the Centre, and the application to the Project of the Fund's and the EC's privileges and immunities.

(iii) All publications by the Centre pertaining to the Project that have received funding from the EC and that have received the technical support of IFAD, in whatever form and whatever medium, including the internet, shall carry the following or a similar disclaimer: “This document has been produced with the financial assistance of the European Union and with the technical support of IFAD. The views expressed herein can in no way be taken to reflect the official opinion of IFAD and/or the European Union”.

(iv) If the equipment bought with the EC Contribution is not transferred to the Centre or the final beneficiary of the Project at the end of the Project Implementation Period, the visibility
requirements as regards this equipment (in particular display of IFAD's emblem and the European Logo) shall continue to apply between submission of the Final Report and the EC Contribution Closing Date, if the latter is longer.

(v) Publicity pertaining to the EC Contributions shall quote these contributions in Euro, in parenthesis if necessary. The Centre's publications and reports prepared in response to and in accordance with its legislative directives are excluded from this provision.

(vi) The Centre accepts that IFAD, the European Union and the European Commission (where it is not the Contracting Authority) publish in any form and medium, including on their websites the name and address of the Centre, the purpose of the EC Contribution as well as the amount contributed and if relevant, the percentage of co-financing.

(vii) Upon a duly substantiated request by the Centre, IFAD and the European Union may agree to forego such publicity if the disclosure of the above information would risk threatening the Centre's safety or harm its interests.

9. Rights of Reproduction. The Centre shall, free of charge, provide the Fund with copies of any relevant documents and materials as the Fund and EC may reasonably request, which the Fund and the EC may use for any purpose or objective they deem appropriate.

10. Visibility Plans. Visibility plans shall be developed by the Centre and supervised by IFAD to illustrate the main objectives, outputs, and activities of the EC-Centre partnership, through periodic press releases, brochures and other appropriate communication tools, update of websites, participation and presentations in the relevant international meetings and events, etc. The Centre, under the supervision of IFAD, shall make visible the EC Contribution through its communication in reports, presentations, brochures, websites, etc. Standards regarding visibility shall be derived from the EC's manual "Communication and Visibility Manual for EU External Actions" edited in April 2008, and any other guidelines agreed between the Centre and the Fund.

11. Ownership/Use of Results. Ownership, title and industrial and intellectual property rights in the results of the Project and the reports and documents related to it shall vest in the Fund as the case may be together with third parties, or as may otherwise be agreed by the Fund.

12. Equipment. Unless otherwise specified, equipment, vehicles and supplies paid for by the Centre using funds from the EC Contribution shall, as determined by the Fund, be retained by the Centre or transferred to local authorities, partner(s) (excluding commercial contractors) or to the final beneficiary of the Project at the Project Completion Date. Documentary proof of these transfers shall be kept for verification for five (5) years thereafter.

13. Confidentiality. The Centre and the Fund undertake to preserve the confidentiality of any document, information or other material directly related to this Agreement and duly classified as confidential, until at least five years after the Project Completion Date. With due regard to the applicable rules on confidentiality, security and protection of personal data, the Centre shall provide IFAD with (i) the following information on any grant and procurement contracts financed with the EC Contribution: title of the contract/project, name and nationality of the contractor or grant beneficiary and amounts of the contract/project, which the Fund may publish or, at its sole discretion request the Centre to publish, on an annual basis, including by electronic means such as Internet; and (ii) the address of the website where this information can be found with an authorisation to publish such address in the European Union internet site.

IV. REMEDIES AND DISPUTE SETTLEMENT

14. Suspension. The Fund may suspend, in whole or in part, the right of the Centre to incur Eligible Expenditures, to request or receive disbursements of the EC Contribution, and/or to implement the Project as a precautionary measure if (i) the Centre has failed to perform any of its obligations under this Agreement; (ii) credible allegations of corrupt, fraudulent, collusive or coercive practices in connection with the Centre and/or the Project have come to the attention of the Fund; (iii) in cases of force majeure, such being any unforeseeable exceptional situation or event beyond the control of the Centre or the Fund which prevents either of them from fulfilling any of their obligations under this
Agreement, was not attributable to error or negligence on their part (or of their partners, contractors, agents or employees) and could not have been avoided by the exercise of due diligence; or (iv) the Fund has determined that a situation has arisen which may make it improbable that the Project can be carried out successfully. Such suspension shall continue until (a) the Fund is satisfied that the reason for the suspension no longer exists, in which case the Project Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension; or (b) the Fund decides to terminate the Agreement in accordance with paragraph 15 below.

15. Termination. Unless earlier terminated pursuant to this Article, the Agreement shall remain effective until the later of the EC Contribution Closing Date or the complete performance by the Parties of their respective obligations under this Agreement, or any other date mutually agreed upon by the Parties. If, at any time, either the Centre or the Fund believes that the purposes of this Agreement can no longer be effectively or appropriately carried out, it shall consult the other party. Failing agreement on a solution, either party may terminate this Agreement by serving two months' written notice. In this event, the Centre shall be entitled to payment of the EC Contribution only for the part of the Project carried out, and to reimbursement of commitments entered into by the Centre for the implementation of the Project, which the Centre cannot reasonably terminate on legal grounds. The Fund, at its sole discretion, may terminate the Agreement early after giving seven days' notice and without paying compensation of any kind if (i) the Centre has failed to perform any of its obligations under the Agreement; (ii) credible allegations of corrupt, fraudulent, collusive or coercive practices in connection with the Centre and/or the Project have come to the attention of the Fund and the Centre has failed to take timely and appropriate action to address such allegations to the satisfaction of the Fund; (iii) the Fund has determined that a situation has arisen which makes it improbable that the Project can be carried out successfully; (iv) the Centre has assigned the Agreement to a third party in any manner whatsoever without the prior written consent of the Fund; (v) the Centre makes false or incomplete statements to obtain the EC Contribution or provides reports that do not reflect reality; (vi) the Centre commits financial irregularities or is guilty of grave professional misconduct; or (vii) the Centre undergoes legal, financial technical or organisational change that is liable to affect this Agreement substantially. In the event of early termination of this Agreement, the Fund may demand full or partial repayment by the Centre of any amounts unduly paid.

16. Refund/Declaration of Non-eligibility. If (i) the Fund determines that any amount of the EC Contribution previously disbursed to the Centre or any interest accruing thereon shall not be required to cover further payments for Eligible Expenditures; or (ii) the Fund determines at any time that any amount previously disbursed to the Centre, including any interest accruing thereon, has not been exclusively used in accordance with the requirements of this Agreement, the Centre shall, promptly upon receipt of notice from the Fund and in no event beyond the deadline specified therein, refund to the Fund such amount in Euro. Should the Centre fail to repay by the due date, (i) the sum due shall bear interest at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C Series of the Official Journal of the EU on the first day of the month in which payment was due, increased by three and a half percentage points, and (ii) the Centre may be declared not eligible to receive financing from IFAD for a period of no less than five (5) years. Amounts to be repaid to the Fund may be offset against amounts of any kind due to the Centre after informing it accordingly. The Centre's prior consent is not required. This shall not affect the parties' option to agree on payment in instalments.

17. Applicable Law. Any dispute arising from this Agreement shall be governed by general principles of international law.

18. Settlement of Disputes. The Parties shall endeavour to settle through amicable means any controversy between them in respect of this Agreement. Failing the settlement of a controversy through amicable means, the controversy shall be submitted to arbitration. To this end any dispute, controversy or claim arising out of or in connection with this Agreement or any breach thereof, shall, unless it is settled through amicable means, be resolved by means of a final and unappealable arbitration ruling issued in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in effect on the date of this Agreement.
19. **Other Remedies.** The remedies of the Fund set forth in this Agreement are cumulative and shall not prejudice any other remedies which the Fund would otherwise have under general principles of law. No failure or delay by the Fund in exercising its rights thereunder, or course of dealing, shall operate as a waiver thereof.

V. **RECORDS**

20. **Supervision and Evaluation.** The Centre shall facilitate all activities related to supervision, evaluation or review of the Project carried out by the Fund, EC or third parties authorized by the Fund or the EC during the Project Implementation Period and for five (5) years thereafter. Without prejudice to the foregoing, representatives of the Fund and of the EC shall be invited to participate in the main monitoring and in the evaluation missions and meetings relating to the performance of the Project. The results of such missions shall be reported to the Fund and to the EC, and the missions are to be planned ahead and procedural matters are to be agreed upon by the Fund, the EC and the Centre in advance.

21. **Records and Documents.** The Centre shall maintain adequate records and documents, including financial accounting documents concerning the activities financed by the EC Contribution, to reflect its operations related to the implementation of the Project until the Project Completion Date, and shall retain and adequately store such records and documents for ten (10) years thereafter. The Centre shall make available to the competent bodies of the Fund and/or of the EU, upon request, all relevant financial information, including statements of accounts concerning the Project. The Centre further acknowledges and agrees that in conformity with its financial regulations, the EU, including its Court of Auditors, may undertake, including on the spot, checks related to the Project financed by the EC Contribution.

VI. **MISCELLANEOUS**

22. **No Agency or Liability.** It is understood that the provision of the EC Contribution by the Fund through CGIAR Fund shall in no way be construed as appointing the Centre or any other person or institution involved in the Project as the agent or representative of the Fund. It is further understood and agreed that the Centre implements the Project on its own behalf and has the exclusive responsibility for its implementation and for complying with any legal obligation incumbent on it. The Fund may not under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Centre while the Project is being carried out or as a consequence of the Project itself. Therefore, the Fund may not accept any claim for compensation or increases in payment in connection with such damage or injury. The Centre shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the Project. The Centre shall discharge the Fund of all liability associated with any claim or action brought as a result of an infringement by the Centre or the Centre's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's right. The Centre shall hold the Fund, the IBRD and the EC harmless against, any claim for loss, damage or injury of any kind whatsoever arising in connection with the Project.

23. **Taxes.** The proceeds of the EC Contribution shall not be used for the payment of duties, charges (including bank charges) or taxes charged to the Centre, where taxes means imposts, levies, fees, tariffs and duties of any kind, including (but not limited to) value added, sales, income, property, mortgage, import and stamp taxes.

24. **Privileges and Immunities.**

(a) Nothing in this Agreement or in any document relating thereto shall be construed as constituting a waiver of any of the privileges or immunities accorded to the Fund by its constituent documents or under international law. The personnel undertaking and responsible for implementing the Project, whether employed by the Centre or not, shall neither be entitled
to any privileges, immunities, compensation or reimbursement on behalf of the Fund nor shall they be allowed to incur any commitments or expenses on behalf of the Fund.

(b) The Outputs of the Project are international public goods. All amounts of the EC Contribution disbursed to the Centre in advance shall retain their international character and by virtue of the applicable international treaties and conventions they shall be immune from confiscation, expropriation and any other form of interference, whether by executive, administrative, judicial or legislative action.

25. **Conflict of Interests.** The Centre undertakes to take all necessary precautions to avoid conflicts of interests and shall inform the Fund without delay of any situation constituting or likely to lead to any such conflict. There is a conflict of interests where the impartial and objective exercise of the functions of any person under this Agreement is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another party.

26. **Amendment of the Agreement.** Any modification to this Agreement, including the annexes thereto, shall be set out in writing in an amendment. If the request for an amendment comes from the Centre, the latter shall submit that request to the Fund one month before the amendment is intended to enter into force, and in any case no later than one month before the Project Completion Date, unless there are special circumstances duly substantiated by the Centre and accepted by the Fund. Changes of address may simply be notified in writing to the Fund.

27. **Representatives.** The Director General of the Centre is designated as representative of the Centre and the Head of the Grant Secretariat of the Fund is designated as representative of the Fund, for any implementation purposes hereof, including monitoring of the compliance with the conditions of this Agreement.

This Agreement has been prepared in the English language in four (4) original copies, two (2) for the Fund and two (2) for the Centre.

For the Fund
Kanayo F. Nwanze
President

Date: 20 July 2012

For the Centre
Mahmoud Solh
Director General

Date: 10 August, 2012
Schedule 1

Project Description

**Project Title:** Enhanced small-holder wheat-legume cropping systems to improve food security under changing climate in the drylands of West Asia and North Africa.

1.1 **Project Goal.** The Goal of the Project shall be to contribute to food and nutritional security in West Asia and North Africa (WANA) and to the betterment of livelihoods of rural communities. Therein in an environment of increasing climate variability through the improvement of the productivity and production of wheat-legume based cropping systems.

1.2 **Project objective.** The overall objective of the Project shall be to deliver pro-poor scientific and technological innovations to increase and stabilize the productivity of wheat and food legume based production systems in the dry areas of WANA. Using WANA as a platform, the technologies developed will be disseminated globally as international public goods.

The specific objectives shall include the following:

**Objective 1:** Promotion of proven and tested technologies for wheat-legume rotation systems, by scaling out existing improved wheat and food legume varieties and associated production technologies, while concurrently identifying and testing appropriate new technologies to sustainably improve productivity and production.

**Objective 2:** Further development and demonstration of new varieties that are higher yielding and adapted to both biotic and abiotic stresses, combined with integrated pest management (IPM) of key diseases, insect pests and parasitic weeds that have a demonstrated wide host range in farmers’ fields, and improved crop and soil water management including the use of supplemental irrigation.

1.3 **Participating Countries:** Algeria, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Tunisia, Turkey, Syria, Sudan, Yemen.

1.4 **Outputs and Activities.**

1.4.1 **Outputs for objective 1** shall include the following:

(a) High yielding and stress tolerant wheat and food legume germplasm and associated technologies tested and adapted to farmers’ production environments and end-user requirements;

(b) Preferred genotypes identified in participatory varietal selection trials, submitted by national programmes for varietal release in targeted production areas;

(c) New and emerging constraints to the adoption by farmers of improved technologies identified and feedback provided to technology development and adaptive research programme;

(d) National seed systems strengthened through technical training and advisory services;

(e) Financially viable community- or farm-based seed production enterprises, capable of producing quality-assured seed, established in pilot sites;

(f) New conservation agriculture-based wheat-legume rotation systems developed and tested in farmers’ fields;

(g) Integrated supplemental irrigation and crop management packages that conserve water and maximize crop productivity developed and tested in the target areas;

(h) Results from wheat and food legumes baseline and variety adoption surveys and constraints analysis communicated to users including research, extension, development agencies and policy decision-makers;

(i) Gender analysis including the differentiation of the constraints that men and women face in accessing technologies, information and markets communicated to relevant stakeholders including to research, extension development organizations and policy decision-makers;
(j) Analysis of productivity trends and gaps on wheat and food legume based systems made available to relevant institutions and policy decision-makers; and

(k) Research capacity of national programmes enhanced through training and networking.

The Activities to be implemented to achieve the above outputs shall include, among others, the following:

(a) Baseline studies of farmers' production practices and yields and constraints analysis;

(b) On-farm variety trials for cereals and legumes;

(c) WANA yield trials for cereals and legumes;

(d) Demonstrate IPM options for soil-borne, foliar diseases, insect pests;

(e) Demonstrate CA technologies in farmers' fields;

(f) Conduct regional courses for technical managers and technical staff on seed technology, seed marketing, seed enterprise development;

(g) Monitor and assess technical performance and economic viability of farmer-based seed enterprises;

(h) Training of NARS in new techniques such as double haploid breeding, marker-assisted selection and transformation;

(i) Training of two PhD, three MSc, three long term and 10 short-term trainees in breeding and associated disciplines;

(j) Evaluate, package and apply through local communities in potential areas improved packages of supplemental irrigation and associated practices and evaluate their impact on productivity, efficiency, farmers' income, resource base, and the environment;

(k) Model and evaluate the consequences of implementing potential supplemental irrigation practices in rainfed areas at all scales on water use, productivity and mitigation of drought;

(l) Document and disseminate gender related research to stakeholders including policymakers;

(m) Document adoption and impact of improved wheat-legume varieties on crop productivity and household income documented in selected countries; and

(n) Training of one MSc student and twenty-five trainees on supplemental irrigation through short courses and on-the-job exposure.

1.4.2 Outputs for Objective 2 shall include the following:

(a) New wheat and food legume genotypes, better adapted to climate variability and change;

(b) Sustainable wheat-legume rotation system established at farm level;

(c) IPM options for key diseases, insect pests and parasitic weeds with wide effectiveness demonstrated on farmers' fields;

(d) GIS spatial analysis of dry area farming systems and geo-statistics of crop adaptation and disease/pest prevalence to help target technology interventions;

(e) Tools for determining new supplemental irrigation schedules and packages for better adaptation of wheat-legume systems to climate change;

(f) Ex-ante assessments of the potential impacts of improved wheat-legume varieties and associated technologies on crop productivity, household income and food supply documented in selected countries;

(g) The impacts of selected crop diseases evaluated and farmers' perceptions and practices in managing plant diseases analyzed.
The activities to be implemented to achieve these outputs shall include the following:

(a) Strengthen pre-breeding and germplasm enhancement, include biotechnological approaches and genotyping and phenotyping of ICARDA's genetic resource collections;
(b) Identify and characterize new sources of resistance/tolerance to biotic and abiotic stresses and their introgression into adapted germplasm;
(c) Screening of abiotic stresses (drought, heat, and cold);
(d) Screening of biotic stresses (diseases and insects pests);
(e) Evaluate grain quality of breeding lines;
(f) Information databases on dry area farming systems and GIS—remote sensing based spatial analysis of diseases, pests, crop distribution and yield;
(g) Methodology development for using supplemental irrigation for climate change adaptation.

1.5 Implementation Agreement. N/A

1.6 Implementation Arrangements. The Centre shall be responsible for overall management and reporting, and will coordinate Project activities through its headquarters in Aleppo, Syria and through its regional coordination offices. A Project Steering Committee comprising the national coordinators will be established. The Project Steering Committee will be responsible for Project oversight and for reviewing and approving the annual work plans and budgets. The Centre will provide technical assistance, capacity building, and research material, as required. Inter-country cooperation and synthesis of results will be facilitated by regional networks already established through exchange visits and workshops.

1.7 Other Funding Sources. The Centre will make EUR 5.5 million available to the Project over the three-year Project Implementation Period.
### Schedule 2

#### Project Budget

2.1. The project budget by category is summarized in Table 2 below

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated unit cost (EUR)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
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<tr>
<td>1. Personnel</td>
<td>370 323</td>
</tr>
<tr>
<td>2. Travel</td>
<td>54 707</td>
</tr>
<tr>
<td>3. Operations of ICARDA</td>
<td>278 151</td>
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<tr>
<td>4. Operations of NARS</td>
<td>252 493</td>
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<tr>
<td>5. Training and capacity strengthening</td>
<td>176 745</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>1 225 000</td>
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</tbody>
</table>

2.2. Authorized Reallocation. Reallocation among Categories of Expenditures is authorized by the Fund provided that: (i) the reallocation does not affect the basic purpose of the Project operations; and that (ii) the budget changes do not exceed 10% of the total amount indicated in paragraph 2.1 above for each Category of Expenditure.
Schedule 3

Sample Statement of Expenditure

Name of the Centre: International Centre for Agricultural Research in the Dry Areas

EC Contribution No: COFIN-ECG-56-ICARDA

Name of Project: Enhanced small-holder wheat-legume cropping systems to improve food security under changing climate in the drylands of West Asia and North Africa

Reporting period from ___________ to ___________ in ___________ (EUR)

<table>
<thead>
<tr>
<th>Project</th>
<th>Category of Expenditures</th>
<th>Year 1 Budgeted</th>
<th>Year 1 Spent</th>
<th>Year 1 Outstanding</th>
<th>Year 2 Budgeted</th>
<th>Year 2 Spent</th>
<th>Year 2 Outstanding</th>
<th>Year 3 Budgeted</th>
<th>Year 3 Spent</th>
<th>Year 3 Outstanding</th>
<th>Year 3 Total Spent</th>
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We hereby certify that the above amounts have been expended for Eligible Expenditures for the proper execution of the Project in accordance with the terms and conditions of this Agreement dated ___________.

Name and Title: _______________________________ Dated: ___________________
To: International Centre for Agricultural Research in the Dry Areas

Re: Audit Report: EC Contribution Number: COFIN-ECG-56-ICARDA
   Project Name: Enhanced small-holder wheat-legume cropping systems to improve food security under changing climate in the drylands of West Asia and North Africa

In the course of our audit of the financial statements of the Centre for the [year ended] [period ended] [day/month/year], we examined the Statements of Expenditure submitted to IFAD during that period pursuant to this Agreement dated [day/month/year].

Our examination was made in accordance with International Standards on Auditing (ISA) and accordingly included such tests of the accounting records, verification of assets and liabilities, procurement methodologies followed, and other auditing procedures as we considered necessary in the circumstances.

In our opinion, proper records have been kept and financial statements, including the Statements of Expenditure submitted to IFAD, give a true and fair view of the state of the financial affairs of the Centre.

Dated: __________________

Signed: __________________