

CONFORMED COPY

TRANSFER AGREEMENT UNDER THE GLOBAL AGRICULTURE AND

FOOD SECURITY PROGRAM (GAFSP) TRUST FUND

(MTO No. 069015)

WHEREAS the International Bank for Reconstruction and Development (the “IBRD”), as trustee (the “Trustee”) of the trust fund for the Global Agriculture and Food Security Program (“GAFSP”) (MTO No. 069015) (the “Trust Fund”) and the International Fund for Agricultural Development (the “Supervising Entity”, and together with the Trustee, the “Parties” and each a “Party”) are entering into this Transfer Agreement (the “Transfer Agreement”) for the commitment and transfer of funds from the Trust Fund;

WHEREAS the Trust Fund has been established through Contribution Agreements;

WHEREAS the Supervising Entity may provide requests to the Trustee for the transfer of Transferred Funds from the Trust Fund to finance Projects and Administrative Fees, which the Trustee shall transfer under this Transfer Agreement in accordance with the terms set forth herein; and

WHEREAS the Supervising Entity, in accordance with its policies and procedures and in accordance with the terms hereof, will enter into agreements with the selected recipients, including but not limited to, countries and/or regional organizations, which will implement the Projects (the “Recipients”).

NOW THEREFORE, the Parties hereto agree as follows:

1. This Transfer Agreement is being entered into between the Trustee and the Supervising Entity based on the Allocations to finance Projects and Administrative Fees approved by the Steering Committee.
2. Capitalized terms used herein, but not otherwise defined in this Transfer Agreement, shall have the meanings ascribed to them below:
 - (a) **“Administrative Costs”** means the administrative and other costs incurred by the Trustee, the Coordination Unit or the Technical Advisory Committee, in connection with the performance of their administrative services and other activities in support of the Trust Fund;
 - (b) **“Administrative Fees”** means the administrative and other costs, including but not limited to, costs for Project preparation, Project supervision, preparation of reports and unaudited or audited financial reports, incurred by the Supervising Entity in connection with the management of the Projects;

- (c) **“Allocation”** means the portion of the Trust Fund funds, including the Contributions, that has been allocated to Projects, Administrative Costs and Administrative Fees that have been approved by the Steering Committee;
- (d) **“Closing Date”** means the date after which no disbursements can be made by the Supervising Entity for the Projects, as may be amended from time to time as agreed by the Steering Committee;
- (e) **“Contribution”** means each Contributor’s respective contribution to the Trust Fund, and **“Contributions”** means the aggregate of all the contributions to the Trust Fund;
- (f) **“Contribution Agreement”** means any contribution agreement entered into between the Trustee and any Contributor in respect of the Contributor’s Contribution;
- (g) **“Contributor”** means any country (including any ministry and agency thereof) or, if agreed by the Steering Committee and the Trustee, such other entity, that provides a Contribution;
- (h) **“Coordination Unit”** means the coordination unit established within IBRD to support the work of the Steering Committee and the Technical Advisory Committee;
- (i) **“Fiscal Year”** means January 1 through December 31 of each calendar year;
- (j) **“Investment Income”** means the investment income earned on the Transferred Funds except for the income earned on the investment of the Administrative Fees;
- (k) **“Letter of Commitment”** means the letter from the Trustee to the Supervising Entity confirming the commitment of Allocations to the Supervising Entity, which shall be substantially in the form attached to this Transfer Agreement as Schedule 2 and shall include in its annex the relevant decisions of the Steering Committee approving the Allocations;
- (l) **“Project”** means a project, program or activity, or a part thereof, which is to be financed with funds from the Trust Fund, as approved by the Steering Committee based upon a Proposal.
- (m) **“Proposal”** means any proposal submitted by, or on behalf of, countries and regional organizations with legal personality, to the Steering Committee seeking an Allocation of funds from the Trust Fund;

- (n) **“Steering Committee”** means the committee of the Trust Fund that shall oversee the operations and activities of the GAFSP and act as the decision-making body of the GAFSP;
- (o) **“Technical Advisory Committee”** means the external committee to be established and appointed by the Steering Committee to provide technical input for decisions to be taken by the Steering Committee; and
- (p) **“Transferred Funds”** means any portion of the Allocation that the Trustee transfers in United States dollars to the Supervising Entity pursuant to this Transfer Agreement.

3(a). Once the Steering Committee has approved the Project(s) and made specific Allocations and the Coordination Unit has notified the Trustee and the Supervising Entity of such approval, the Trustee will:

- (i) reserve the Allocations for such Project(s) to be made available for a commitment to the Supervising Entity by the Trustee as set out in subparagraph (ii) below; and
- (ii) commit the Allocations for such Project(s) as specified in the approved final Project document, subject to the availability of the Trust Fund funds and approval of the final Project document by the Steering Committee.

3(b). Commitment of the Allocations by the Trustee under paragraph 3(a)(ii) above shall be confirmed on a monthly basis (or such other period as agreed between the Trustee and the Supervising Entity) by means of a Letter of Commitment.

3(c). The Supervising Entity shall then request the Trustee to transfer the Allocations for such Project(s) to the Supervising Entity pursuant to this Transfer Agreement, in the form of Schedule 1 attached hereto (a “Funds Transfer Request”) based on the projected cash requirements for the next 12-month period (or such other frequency as the Trustee and the Supervising Entity may agree) for such Project(s) and subject to the approval of the said Project(s) by the Supervising Entity, as notified to the Trustee, if such approval is required in accordance with its policies and procedures.

4. Once the Steering Committee has approved the Administrative Fees and made specific Allocations and the Coordination Unit has notified the Trustee and the Supervising Entity of such approval, the Trustee will commit the Allocations for such Administrative Fees, subject to the availability of the Trust Fund funds, and confirm such commitment by means of a Letter of Commitment on a monthly basis (or such other period as may be agreed between the Trustee and the Supervising Entity). The Supervising Entity shall then request the Trustee to transfer the Allocations for such Administrative Fees to the Supervising Entity pursuant to the Funds Transfer Request.

5. Upon receipt of the Funds Transfer Request referred to in paragraphs 3(c) and 4 above, the Trustee shall, on behalf of the Steering Committee, transfer such funds to the Supervising Entity to the account specified in such Funds Transfer Request, provided that: (i) any amount to be transferred by the Trustee to the Supervising Entity is consistent with and does not exceed the specific Allocations; and (ii) the amount of available funds in the Trust Fund equals or exceeds the amount requested in the Funds Transfer Request as specified in the approved final Project document.
6. Upon the transfer of the Transferred Funds, the Trustee shall have no responsibility, fiduciary or otherwise, to the Supervising Entity, for the use of such funds, including the implementation or supervision of Projects financed by such funds.
7. The Supervising Entity agrees that any Transferred Funds shall be used by the Supervising Entity in accordance with: (i) its own policies and procedures including those related to procurement of goods and services, reporting arrangements, eligible expenditures, employment and supervision of consultants; and (ii) the applicable decisions of the Steering Committee, including the purpose for which the specific Allocations have been approved by the Steering Committee as specified in the approved Project.
8. The Supervising Entity agrees that the Transferred Funds shall be kept separate and apart from the funds of the Supervising Entity in one or more dedicated accounts pending their use for the purposes for which the specific Allocation has been approved by the Steering Committee. The Transferred Funds in these dedicated accounts may be commingled and may be freely exchanged by the Supervising Entity into other currencies as may facilitate their further disbursement and investment. In the event that the Supervising Entity has provided funding to a third party in a currency other than the United States dollar, unless otherwise agreed by the Steering Committee, any exchange rate risk arising as a result of such conversion of currencies shall be borne by the Supervising Entity.
9. Subject to the terms of this Transfer Agreement, the Supervising Entity may invest all Transferred Funds pending their disbursement in accordance with the Supervising Entity's policies and procedures concerning the investment of funds including those applicable to funds for which the Supervising Entity acts as a trustee. The Supervising Entity shall not be held liable for any losses, which may arise from such investment save to the extent provided for in paragraph 19 below. Except for investment income earned on the Administrative Fees, any Investment Income earned on the Transferred Funds will be returned from the Supervising Entity to the Trustee annually or such other frequency as may be agreed between the Trustee and the Supervising Entity.
10. The Supervising Entity may retain Administrative Fees for each Project from the Transferred Funds in the amount approved by the Steering Committee.

11. The Supervising Entity, in accordance with its policies and procedures, shall: (i) maintain books, records, documents, and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Transferred Funds; (ii) provide periodic financial reports including annual unaudited or audited financial reports, as agreed with the Steering Committee; and (iii) provide any other relevant financial information in United States dollars to the Trustee for distribution to the Steering Committee, as agreed with the Steering Committee.

12. The Supervising Entity shall prepare and submit to the Coordination Unit for each Project: (i) no later than one hundred fifty (150) days after the end of each Fiscal Year annual reports on implementation results based on the common format for reporting on implementation results approved by the Steering Committee; (ii) mid-year progress narrative reports, if agreed with the Steering Committee; and (iii) no later than six (6) months after (a) the Closing Date of each Project; or (b) notification by the Trustee that the Steering Committee has cancelled all or part of a Project(s) for reasons set out in paragraph 14 below (as the case may be), a final report.

13. After notification by the Trustee that the Steering Committee has cancelled all or part of a Project(s) for reasons set out in paragraph 14 below, the Supervising Entity shall return to the Trustee any unexpended and uncommitted portion of the Transferred Funds for the cancelled Project(s) remaining with it, and any unused amount of the Administrative Fees, in consultation with the Steering Committee.

14. The Steering Committee may direct the Trustee, after consultation with the Supervising Entity, to suspend any further commitment and/or withhold disbursements of the Trust Fund funds for a specific Project under this Transfer Agreement for any of the following reasons: (i) a substantial deviation from the Project's concept and budget approved by the Steering Committee; (ii) failure of the Supervising Entity to comply with any of the terms of this Transfer Agreement and to remedy or cause to be remedied any such non-compliance; or (iii) evidence of financial mismanagement in Projects, as determined in accordance with the Supervising Entity's policies and procedures.

15. In the case where the Trustee has notified the Supervising Entity in writing that (i), (ii) or (iii) as indicated in paragraph 14 above has occurred, and the Supervising Entity fails to remedy or cause to be remedied such event within thirty (30) calendar days after written notification by the Trustee, the Trustee: (i) will consult with the Steering Committee; and (ii) at the direction of the Steering Committee in consultation with the Supervising Entity, may suspend any further commitment and/or disbursement of the Transferred Funds for a specific Project(s) to the Supervising Entity until such time as the Supervising Entity has remedied or has caused to be remedied the relevant event to the satisfaction of the Steering Committee as notified to the Trustee; provided, however, that in the case where the Trustee has notified the Supervising Entity of non-compliance with respect to paragraph 17 below, the Supervising Entity shall immediately suspend any further commitment and/or disbursement to the persons or entities or for the activities identified in the notice as being prohibited under paragraph 17 until such time as the

Supervising Entity has remedied or has caused to be remedied the non-compliance to the satisfaction of the Steering Committee.

16. The Steering Committee may also direct the Trustee to claim repayment of the Transferred Funds in full or in part directly from the Supervising Entity to the extent the Supervising Entity has been able to obtain repayment of the same from the negligent party if the said funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the Supervising Entity's policies and procedures.

17. Recognizing the obligations of the Supervising Entity's member countries under various United Nations Security Council Resolutions, the Supervising Entity:

- (i) undertakes to use reasonable efforts, consistent with its policies and procedures, including those pertaining to combating financing for terrorists, to ensure that the Trust Fund funds provided to the Supervising Entity by the Trustee are used for their intended purposes and are not diverted to terrorists or their agents;
- (ii) will not use Trust Fund funds for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions;
- (iii) confirms that, given the activities to be funded with the Trust Fund funds provided to the Supervising Entity, the Supervising Entity does not believe that any such funds would be diverted to drug traffickers;
- (iv) shall immediately inform the Steering Committee, of a determination pursuant to the Supervising Entity's applicable policies and procedures, of any illegal or corrupt practice in any Project financed under this Transfer Agreement; and
- (v) will include provisions corresponding to subparagraphs (i) – (iii) above in any sub-grant agreements that the Supervising Entity enters into with entities to which the Supervising Entity makes Trust Fund funds available.

18. The Supervising Entity shall be responsible only for performing its functions specifically set forth in this Transfer Agreement and shall not be subject to any other duties or responsibilities, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or a trustee under general principles of trust or fiduciary law.

19. In performing its functions in accordance with the terms of this Transfer Agreement, the Supervising Entity shall not be liable for any loss, costs or damages that may result from any act or omission on the part of the Supervising Entity other than those caused by its gross negligence or willful misconduct.

20. Nothing in this Transfer Agreement shall be considered a waiver of any privileges or immunities of the IBRD and the Supervising Entity under their respective constituent documents or any applicable law, all of which are expressly reserved. Nothing in this Transfer Agreement shall be considered as an acceptance by the Supervising Entity of the jurisdiction of any national courts or the application of any domestic law.

21. This Transfer Agreement may be terminated by either Party upon three (3) months prior written notice and upon consultation with the Steering Committee. Following termination, the Trustee and the Supervising Entity shall, in consultation with the Steering Committee to the extent possible, take all necessary action for winding up their affairs in relation to the Project(s) in an expeditious manner, and for meeting the commitments already made by the Trustee and the Supervising Entity under this Transfer Agreement prior to the date of the abovementioned termination notice. In the event of any such termination, unless the Parties agree on another course of action, (i) any agreement entered into prior to the termination between the Supervising Entity and any consultants and/or other third parties will remain in effect and be unaffected by the termination, and (ii) the Supervising Entity shall continue to disburse the Transferred Funds in respect of such agreements to the extent necessary to fulfill the Supervising Entity's obligations thereunder as if this Transfer Agreement had not been terminated. All other Transferred Funds remaining with the Supervising Entity including any Investment Income earned on the Transferred Funds and any unused amount of the Administrative Fees shall be returned to the Trustee.

22. The Supervising Entity agrees that each Contributor, as a third party beneficiary, shall have the right to seek recourse against the Supervising Entity with respect to any unmet or breached obligations of the Supervising Entity stated in this Transfer Agreement provided that the procedures specified in paragraph 15 above have been exhausted. If as a result of a Contributor's recourse the Supervising Entity makes any payment, such payment will be made only to the Trustee and only for the benefit of the Trust Fund. The Contributor may not seek recourse against the Supervising Entity for unmet or breached obligations valued in an amount that exceeds the percentage of Contribution(s) made by the Contributor, or Contributors if acting severally, to the Trust Fund and transferred to the Supervising Entity as Transferred Funds, as determined by the Trustee. The Supervising Entity and the Contributor(s) shall use their best efforts to amicably resolve any disputes, controversy or claims arising out of or relating to this Transfer Agreement. In the event that there is no amicable resolution, the Contributor(s) and the Supervising Entity shall settle such disputes, controversy or claims by final and binding arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Transfer Agreement. In the event of a conflict between the UNCITRAL

Arbitration Rules and the terms of this Transfer Agreement, the terms of this Transfer Agreement shall govern.

23. The persons listed below (the “Trustee Contact” and the “Supervising Entity Contact”, respectively, and each a “Contact”), or any other authorized person identified by written notice from one Party to the other Party, may take any action required or permitted to be taken, and execute any documents required or permitted to be executed, pursuant to this Transfer Agreement on behalf of its respective organization. Any notice or request to be given or made under this Transfer Agreement by a Contact shall be in writing and sent to the address (including an email address) set forth below or such other address, as either Contact may provide by written notice.

Trustee Contact:

Ms. Susan McAdams
 Director
 Multilateral Trusteeship and Innovative Financing Department
 The World Bank
 1818 H Street, NW
 Washington, DC 20433
 U.S.A.

Tel: (202) 458-0019
 Fax: (202) 614-0795
 E-mail: Smcadams@worldbank.org

Supervising Entity Contact:

Kevin Cleaver
 Associate Vice President
 Programme Management Department
 International Fund for Agricultural Development
 Via Paolo di Dono
 00142 Rome, Italy

Tel: 39-0654592320
 Fax +39-065043463
 E-mail: k.cleaver@ifad.org

24. The Trustee and/or the Supervising Entity, will make this Transfer Agreement and any related information on the Trust Fund publicly available in accordance with their policies and procedures with respect to the disclosure of information, in effect at the time of such disclosure.

25. This Transfer Agreement may be amended only by written agreement between the Trustee and the Supervising Entity.

26. The Trustee and the Supervising Entity agree that upon receipt by the Trustee of the copy of this Transfer Agreement countersigned by the Supervising Entity, this Transfer Agreement will become effective as of the date of the Supervising Entity's countersignature.

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AS TRUSTEE OF THE TRUST FUND FOR
THE GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM**

By: /s/ Susan McAdams
Director
Multilateral Trusteeship and Innovative Financing Department
Date: October 13, 2010

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT AS
SUPERVISING ENTITY**

By: /s/ Kanayo F. Nwanze
President
Date: November 4, 2010

Form of Supervising Entity Funds Transfer Request

[Supervising Entity letterhead]

[Date]

[name]

[title]

Trustee Contact pursuant to the
Transfer Agreement

RE: Global Agriculture and Food Security Program Trust Fund (MTO No. 069015)

Dear [name]:

Reference is made to the Transfer Agreement between the International Bank for Reconstruction and Development (the “Bank”) as trustee (the “Trustee”) of the trust fund for the Global Agriculture and Food Security Program (“GAFSP”) and the _____ (the “Supervising Entity”), effective as of _____ (the “Transfer Agreement”), in which the Trustee has agreed to transfer funds to the Supervising Entity for the GAFSP consistent with the terms of the Contribution Agreements for the Global Agriculture and Food Security Program Trust Fund (MTO No. 069015) (the “Trust Fund”).

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Transfer Agreement.

Pursuant to [paragraphs 3(c) and 4] [paragraph 3(c)] [paragraph 4] of the Transfer Agreement, the Supervising Entity hereby requests you to transfer _____ [insert currency and amount] from the Trust Fund for the Supervising Entity’s use consistent with the terms of the Transfer Agreement, [for (i) Project(s); and (ii) the Administrative Fees] [for Projects] [for Administrative Fees], as approved by the Steering Committee in accordance with the following tables:

Table 1

Funds Transfer Request for GAFSP Projects

As of [date] _____
(in [US dollars])

Total Cumulative Cash received from the Trustee in the [Supervising Entity Name]/GAFSP Fund	Total Cumulative Cash returned to the Trustee	Net Cumulative Cash received from the Trustee in the [Supervising Entity Name]/GAFSP Fund	Net Cumulative Disbursements from the [Supervising Entity Name]/GAFSP Fund a/	Net Cash Position	Projected Cash Requirements for Next [12] Months	Projected Net Cash Position	Amount of Cash Transfer Request
(1)	(2)	(3) = (1) - (2)	(4)	(5) = (3) - (4)	(6)	(7) = (5) - (6)	(8)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

a/ This column represents the cumulative amount disbursed from the [Supervising Entity]/GAFSP Fund less subsequent return of funds by project recipients to the [Supervising Entity] since the inception of the [Supervising Entity]/GAFSP fund.

Bank Account Details

Bank account name:
Bank account number:
Bank name:
Bank address:
Bank SWIFT code:
Bank code:
Routing instructions:

Signed _____ Date _____
Name _____
Title _____

Table 2

Funds Transfer Request for Administrative Fees

As of [date] _____
 (in [US dollars])

Total Cumulative Cash received from the Trustee in the [Supervising Entity Name]/GAFSP Fund b/	Total Cumulative Cash returned to the Trustee	Net Cumulative Cash received from the Trustee in the [Supervising Entity Name]/GAFSP Fund	Amount of Cash Transfer Request for Fees
(1)	(2)	(3) = (1) - (2)	(4)
0.00	0.00	0.00	0.00

Bank Account Details

Bank account name:
 Bank account number:
 Bank name:
 Bank address:
 Bank SWIFT code:
 Bank code:
 Routing instructions:

Signed _____ Date _____
 Name _____
 Title _____

Sincerely,

NAME OF SUPERVISING ENTITY

[Name]
 [Title]
 as Supervising Entity Contact pursuant to the
 Transfer Agreement

Schedule 2

LETTER OF COMMITMENT

[date]

[Name]

[Title]
as Supervising Entity Contact pursuant to the
Transfer Agreement

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM TRUST FUND
Commitment of Funds to the [Supervising Entity Full Name]**

Dear Sir or Madam:

Reference is made to the Transfer Agreement between the International Bank for Reconstruction and Development (the “Bank”) as trustee (the “Trustee”) of the trust fund for the Global Agriculture and Food Security Program (“GAFSP”) and the _____ (the “Supervising Entity”), effective as of _____ (the “Transfer Agreement”), in which the Trustee has agreed to transfer funds to the Supervising Entity for the GAFSP consistent with the terms of the Contribution Agreements for the Global Agriculture and Food Security Program Trust Fund (MTO No. 069015) (the “Trust Fund”).

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Transfer Agreement.

In accordance with Sections 3 and 4 of the Transfer Agreement, the Trustee hereby commits the sum of US\$ [amount] to [Supervising Entity Name], such amount reflecting the amounts approved by the GAFSP Steering Committee, during [period] for the Supervising Entity activities to be carried out in connection with the [Projects], [Administration Fees], [select as applicable] listed in Annex attached hereto; provided, however, that the amount of the commitment hereunder may be subject to adjustment to reflect any subsequent decrease of GAFSP funding allocated for any Project or Administration Fees for which the commitment was made by the Trustee, or as otherwise agreed between the Steering Committee and the Supervising Entity.

Funds will be transferred by the Trustee to the Supervising Entity to account, [account details], in accordance with Section 5 of the Transfer Agreement.

International Bank for Reconstruction and
Development, as Trustee of the Trust Fund for the
Global Agriculture and Food Security Program

Name:
Title:

Attachments