AFRICAN DEVELOPMENT BANK GROUP

ESTABLISHMENT OF A MULTI-DONOR AGRICULTURE FAST TRACK FUND

OSAN/ORRU/GECL DEPARTMENT

April 2013
1. **Introduction**

1.1 The African Development Bank ("AfDB" or "the Bank") is one of the key institutions advancing agriculture development in Africa and supports the New Alliance for Food Security and Nutrition, which was launched during the G8 summit in May 2012. The objective of the New Alliance is to lift 50 million people out of poverty over the next decade through a collective commitment to invest in credible, comprehensive and country-owned plans, develop new tools to mobilize private capital, spur and scale innovation, manage risk; as well as engage and leverage the capacity of private sector partners.

1.2 Securing adequate financing for the agriculture sector remains a challenge. The higher start-up costs, smaller deal sizes, increased risks and lower returns typical of most agriculture investments often make them uncompetitive in comparison to larger projects and Public Private Partnerships (PPPs) in the other economic sectors. As a result of these challenges, only a small portion of Development Finance Institutions portfolios are allocated to agriculture and an even smaller amount to projects with a direct impact on smallholders and primary production. This lack of funding for the development of agriculture production and infrastructure projects stands in stark contrast to the growing momentum by African governments to transform their agriculture sectors.

1.3 The Bank has acknowledged that, while food insecurity is caused by a variety of factors including unstable social and political environments, war and civil strife, natural resource constraints, poor human resource base, natural disasters such as floods and droughts as well as governance issues, infrastructure development plays a major part in improving the food insecurity situation. A good infrastructure network is also an incentive that encourages the Private Sector to Investment in Agriculture. Consequently, the Bank has in recent years shifted its focus to infrastructure development in its Regional Member Countries (RMCs).

1.4 Experience shows that, to enhance development of the African agriculture, not only for food security but as the engine of economic growth, the private sector investment in the sector is a must. However, given the risks inherent in the sector the low returns and high upstream cost, much needs to be done to encourage private sector involvement in agriculture. In response to this need, a proposal has been made to establish a Multi-Donor Agriculture Fast Track Fund ("AFT" or the “Trust Fund”) that would operationalize the New Alliance vision by developing and advancing a pipeline of bankable food security projects that support Africa’s agricultural transformation agenda. It will be a demand driven, nimble and efficient fund that will ‘fast track’ promising agricultural ideas and businesses into bankable investments for uptake by Development Finance Institutions (including but not limited to the AfDB) as well as commercial financial institutions serving the African continent. It is envisaged that, a relatively small amount of donor funding issued through this multi-donor trust fund (MDTF) would unlock hundreds of
millions of dollars in concessional and commercial financing for last mile infrastructure needs in rural Africa.

1.5 The AfDB has been selected to host the Trust Fund which will be a Project Preparation Facility to exclusively support public-private matchmaking in the agriculture sector that does not currently exist. The selection of the Bank is due to its commitment to support the development of infrastructure in African agriculture, and its demonstrated efforts in encouraging participation of the private sector in agriculture.

1.6 The AFT will be set-up with initial contributions from the United States Agency for International Development (USAID) and Swedish International Development Cooperation Agency (SIDA). The US Government will provide USD 2 million for FY2013, with a pledge of USD 9 million in FY2014, and additional funds in subsequent years, subject to approval by the U.S Congress and in accordance with applicable U.S. laws and regulations. SIDA has submitted a letter of intent to the Bank for an amount of USD 5 million to be released in 2013. An additional USD 5 million will be released in 2014. The pledge is subject to SIDA’s internal approval processes.

2. Objectives

2.1 The overarching objective of the AFT is to reduce the infrastructure deficiency in the agriculture sector by developing a pipeline of investment-ready projects that are attractive to Development Finance Institutions (DFIs) and other agricultural finance organizations, and can engage the private sector as project sponsors. The AFT aims to defray the front-end project development costs and risks that commercial developers are unwilling to shoulder alone. The Trust Fund will finance upstream work of project design including feasibility studies, market analyses and other activities necessary to ensure quality project design.

2.2 Examples of activities the AFT could undertake include: (1) developing investment/business plans, feasibility (financial/ economic) studies, and SME growth strategies, (2) conducting market research and improving market linkages and (3) designing effective out-grower schemes etc. The Operating Guidelines for the Trust Fund will further define additional activities that will be financed and ensure that investments comply with appropriate safeguards, including, the Bank’s safeguards, for example, “Principles for Responsible Agricultural Investment.”

2.3 The targeted activities are in line with the first pillar of the Bank’s Agriculture Sector Strategy (2010 – 2014) - agricultural infrastructure - which focuses on building and rehabilitating rural and community roads, markets and storage infrastructure, supporting agro-processing and reducing post-harvest losses. The focus on infrastructure development and enhancing private sector participation in the agriculture sector is also aligned with the Bank’s upcoming Long Term Strategy (2013 - 2022), in which private sector and infrastructure development are two of the five core operational priorities. The Bank’s Agriculture and Agro-Industry Department is also placing more emphasis on the development of agribusiness activities and the transformation of
the agriculture sector in the RMCs. The AFT will thus provide opportunities to support these activities and the transformation agenda.

2.4 In order to manage expectations from the RMCs and also be able to effectively assess results, the AFT will operate in multiple phases. In the initial phase, the focus of the Trust Fund will be on a small subset of countries (i.e. Tanzania, Ghana, Ethiopia, Mozambique, Cote d’Ivoire and Burkina Faso – referred to as New Alliance Countries) that have entered into agreement with the G20 countries to refine their policies in order to improve investment opportunities and accelerate the implementation of their country-led Comprehensive Africa Agriculture Development Programme (CAADP) plans on food security. Initial phase countries are expected to have completed a ‘Cooperation Framework’ under the New Alliance umbrella that demonstrates their commitment to private sector-driven growth alongside the support of the donor and development community. After the initial pilot phase, the completion of which will be assessed by the Bank and the donors to the Trust Fund, the AFT will be extended to other countries that will have joined the New Alliance.

3. **Target Beneficiaries**

3.1 The AFT will provide targeted, new resources to develop high value agriculture projects that are aligned with CAADP investment plans. The AFT will improve the pipeline of Bank-financed projects as well as the pipeline for other DFIs and also provide resources for RMCs to undertake the upstream work of project development. All grants from the AFT will be recipient executed.

3.2 The resources from the AFT can be accessed by:

- Small and Medium Enterprises in the agriculture sector;
- Government agencies preparing agriculture infrastructure projects;
- Non-Governmental and Civil Society Organizations such as Farmer organizations;
- Agriculture Fund Managers with clients seeking last mile financing or advisory services; and
- Bank units such as Agriculture and Agro-Industry Department (OSAN) and the Private Sector Department (OPSM).

3.3 The prioritization of projects will be based on the selection criteria for the AFT that will be approved by the Oversight Committee.

4 **Fund Administration and Management**

4.1 The Trust Fund will have a coordination unit within OSAN comprising a Team Leader, three technical experts; namely a Procurement Specialist with Private Sector Expertise and a Financial Management Expert, both as long term consultants; a legal consultant (to be recruited and supervised by GECL) for an initial duration of 6 months; and one support staff (Operations Assistant), with flexibility to expand staff strength as and when needed. Initially, the Team Leader will be seconded from existing Bank staff to ensure s/he is well conversant with the
Bank’s rules and procedures. The three technical experts and the Operational Assistant will be paid for through the Trust Fund. The Team Leader and technical experts will be supported by at least one Technical Assistant, who is expected to be seconded from the Donors contributing to the Trust Fund and will fill any potential skills gap.

4.2 The Coordination Unit, supervised by a Manager within OSAN, will be responsible for sourcing and compiling project proposals, and preparing the annual work programme and budget for the Trust Fund. The development of the work programme will be undertaken in collaboration with OPSM, which will also originate project proposals. The project proposals will originate from the Bank as well as other development partners, NGOs and other interested parties.

4.3 A Technical Review Committee (TRC) will be established comprising AfDB staff drawn from all the relevant Departments, mainly OSAN, OPSM, Partnerships and Cooperation Unit (ORRU), General Counsel & Legal Services (GECL) and Financial Control (FFCO), Procurement and Fiduciary Service (ORPF), and Operations and Policy (ORPC). The TRC will be chaired by OSAN Director, and its mandate will be to provide speedy review of projects against set investment criteria. It will also approve financing requests according to approval thresholds discussed in section 5 below. Other Departments, such as Regional Integration and Trade (ONRI), will be invited to attend the TRC meetings when the projects to be discussed are relevant to their area of work, such as trade.

4.4 An Oversight Committee consisting of representatives of all the donors contributing to the Trust Fund and the host (the Bank), will determine the investment criteria at the establishment of the Trust Fund. It will also approve the annual work programme and the financing requests in line with the approval thresholds discussed in section 5 below. The Oversight Committee shall determine its decision-making methods and procedures. Requests submitted to the Trust Fund, within the prescribed threshold, shall be approved by the Oversight Committee either under the work programme or individually. The Bank will be represented by the Vice President, OSVP. Any donors joining the Trust Fund at a later stage will also be represented on the Oversight Committee.

4.5 The Coordination Unit will provide secretariat services for both the TRC and the Oversight Committee. All the projects financed by the AFT will be implemented within a well-defined timeframe. It will produce an annual work plan for the Trust Fund, monitor the performance of the project portfolio and ensure project completion reports are prepared. It will produce semi-annual progress reports and financial reports on the project execution. The Financial Statements of the Trust Fund will be audited according to the Bank’s standing arrangements for the audit of Multi-donor Trust Funds. Operating guidelines for the Trust Fund will be prepared and will specify a results-oriented approach to facilitate operation. The guidelines will identify indicators for outputs and outcomes to be tracked and reported upon according to standard AfDB reporting procedures.

4.6 The Bank’s Field Offices will play an important role in the implementation of the AFT including raising awareness about the Trust Fund, providing basic technical assistance to
beneficiaries and assisting with the day to day monitoring and supervision of approved projects. The day to day operations of the grant financed activities will be supervised and monitored by the OSAN experts in the Field Offices with support from the Procurement, Disbursement and Financial Management Officers.

4.7 The Bank will charge a five per cent (5%) management and administration fee, but may in consultation with the Donors, deduct a higher amount to meet costs and expenses of administering the AFT.

4.8 The main costs expected to be incurred by the Bank will be the staff time for the Division Manager supervising the operations of the AFT, the staff time for the Team Leader and the staff time for the Secretary in the Division where the AFT will be based. In addition the other costs will be overhead costs for the provision of office space to the Coordination Unit, staff time for support functions and review or approval of proposals and staff time for the Task managers that will be supervising the projects. Some of these costs are expected to be covered in the 5% charged by the Bank while the rest will be calculated as the Bank’s contribution to the AFT.

5 Approval Thresholds

5.1 Investments would be modest in size (USD 1.5 million is the expected ceiling) reflecting the catalytic nature of investing in early stage infrastructure development. The TRC will approve requests for financing for amounts not exceeding the equivalent of USD 500,000. Any request for financing above the equivalent of USD 500,000 will be submitted for the consideration and approval by the Oversight Committee. Requests above USD 1 million, which will be exceptional cases, will be submitted to the AfDB Board of Directors for approval.

6. Specific Proposals in the Implementation of the Trust Fund

i) Procurement Processing: The procurement under the AFT will be in accordance with the Bank’s Rules and Procedures for the Use of Consultants and Bank approval modalities will be in line with PD 06/2012 Delegation of Authority Matrices. Proposals for AFT will normally be expected to be of values up to UA 1.0 million. Recruitment of Consulting Firms for assignments of value less than UA 200,000 will be processed and cleared by the Sector Task Manager (STM) irrespective of location and be approved by the Country or Sector Manager. Assignments of value between UA 200,000 and UA 1.0 million will normally be processed by the STM, reviewed by the Regional Procurement Coordinator (RPC), cleared by the Sector Manager and approved by the Regional Director or Sector Director. Given the fast track nature of the Fund, the fact that the majority of the grantees would be from the Private Sector that require immediate responses, and that the operations of the AFT will be coordinated and managed by the Sector Department from the headquarters of the Bank, OSAN will seek from the President the authority to grant the procurement approvals through the Sector Manager and Sector Director, in place of the Country Manager and Regional Director. For the same reason, in place of the RPC, OSAN will recruit an experienced Procurement
Officer, who will report technically to the Manager ORPF.1 and take instructions from him/her on technical matters, but will be dedicated to and work with the AFT. All AFT contracts will be subject to post-review by ORPF.

ii) **Accounting, Financial Report and Auditing of Financial Statements** will be as follows:
   a) *External Audit and Financial statements:* Grants amounting to more than USD 300,000 will be audited at project completion, while Grants amounting to less than USD 300,000 may not be audited systematically, but will submit, interim unaudited financial statements every six months. For the purpose of cost effectiveness, one external auditor can be recruited to audit projects in one or more countries.

   b) *Supervision and Fiduciary Assurance:* Fiduciary assurance will also be provided through regular supervision by the Bank’s fiduciary staff.

   c) In order to reduce transactions cost, the Bank will rely and use the Beneficiary’s existing systems. However, in some cases, it can undertake Financial Management assessment to ensure the fiduciary risk is acceptable.

7. **Conclusions**

7.1 The key to overcoming Africa’s evident low agriculture productivity is developing a pipeline of viable projects that can attract concessional and private sector investors. Private investors will only support bankable projects that are structured to ensure they are repaid and that they meet the highest financial, operational and governance standards. The AFT will ensure these standards are met and effectively contribute to boosting agriculture-led African economic growth.

7.2 The Boards of Directors are therefore invited to:

   i) Approve the proposal for the Multi-donor Arrangement for the Agriculture Fast Track Fund; and

   ii) Authorize the President to sign the proposed Arrangement establishing the Agriculture Fast Track Fund with the United States Agency for International Development and the Swedish International Development Cooperation Agency, as well as any other governments or entities wishing to contribute to the Agriculture Fast Track Fund in the future.
MULTI-DONOR ARRANGEMENT FOR THE AGRICULTURE FAST TRACK FUND
MULTI-DONOR ARRANGEMENT FOR THE AGRICULTURE FAST TRACK FUND

THIS MULTI-DONOR ARRANGEMENT (this "Multi-donor Arrangement" or "Arrangement") is entered into by and among the African Development Bank (the "ADB"), the African Development Fund (the "ADF"), the United States Agency for International Development (“USAID”) and the Swedish International Development Cooperation Agency (“SIDA”) and any other Government or entity that becomes a signatory to this Arrangement (collectively referred to as the "Donors"), for the purpose of providing the terms which will govern the contribution, as well as the administration and utilization by the Bank (as defined below), of the contributions to be made available by the Donors for purposes of financing projects under the Agriculture Fast Track Fund ("AFT").

WHEREAS the ADB is an international financial institution established by Agreement by and among its member states to contribute to the sustainable social and economic development of its regional member countries (the "Regional Members");

WHEREAS the ADF was established by Agreement by and between the ADB and certain State participants for the purpose of assisting the Bank in fulfilling its mandate;

WHEREAS the ADB and the ADF (collectively hereinafter referred to as the "Bank", except where the context requires otherwise) in order to fulfill their respective mandates, are establishing the AFT to assist in increasing the number of investment-ready projects in the agriculture sector, in accordance with the Bank’s Agriculture Sector StrategyAFT;

WHEREAS each of the Donors has indicated its willingness to support the Bank achieving the aforementioned objective;

WHEREAS the Bank is willing and able to accept the administration and management of the contributions from Donors for the purposes of the AFT, and desires that such contributions be administered and managed in accordance with the common terms set forth in this Multi-donor Arrangement;

NOW THEREFORE the Donors and the Bank agree as follows:
ARTICLE I
PURPOSE - ELIGIBLE PROJECTS

The purpose of the AFT is to reduce the infrastructure deficiency in the agriculture sector by developing a pipeline of investment-ready projects. Specifically, the AFT will provide untied grants (the “Grant(s)”) to support the development of a pipeline of projects that can be financed by development finance institutions, other agricultural finance organizations or private sector lenders. In so doing, the AFT will provide eligible recipients with financing to defray front-end project development costs and risks that commercial sponsors may be unable or unwilling to assume alone.

ARTICLE II
CONTRIBUTIONS

1. Any State eligible to become a member of the Bank or any entity acceptable to the Bank may become a Donor.

2. Each Donor hereby agrees to participate in and contribute to AFT, and accepts that this Multi-donor Arrangement will govern:
   (i) its participation in and contribution to the AFT; and
   (ii) the administration of its Contribution(s) (as defined below) by the Bank for purposes of the AFT.

3. Each Donor will contribute funds in the form of grants (the "Contribution(s)") for the AFT, in a specified amount to be made available in one or more tranches corresponding to the work programme of the AFT. The amount of each Contribution, and the payment schedule for the Contribution will be agreed with each Donor and set out in a Contribution Payment Schedule signed by the Donor, which may be in the form provided in the Annex hereto.

4. Each Donor will on the specific dates agreed with the Bank deposit the proceeds of its Contribution in a special account to be opened by the Bank for the purpose of receiving the Contributions (hereinafter referred to as the "AFT Account") and notified by the Bank to such Donor.

5. The Contributions will be administered and utilized by the Bank in accordance with the terms of this Multi-donor Arrangement exclusively to finance projects under the AFT, in conformity with the objectives herein and in accordance with the Bank’s rules and regulations.

6. All Contributions to the AFT will be administered as untied contribution resources.

7. The Bank will be entitled to draw on the proceeds of the Contributions for financing the fees and other reimbursable costs of the projects to be financed pursuant to Articles II and III hereof in accordance with the Bank’s applicable procedures.
8. The proceeds of the Contributions may be freely exchanged by the Bank into other currencies as may facilitate the utilization and administration of the resources contributed.

9. Resources provided under this Arrangement may be commingled with other trust fund resources managed by the Bank, but shall be deposited in the AFT Account and kept separate and apart from other resources of the Bank.

10. The Bank will have no obligation to repay any Donor, proportionally or otherwise, the amount of resources already committed or disbursed to meet the cost of projects financed by the AFT in accordance with the terms of this Arrangement.

11. The Bank may invest and reinvest the proceeds of the Contributions, pending their application for the purposes provided hereunder. Any income from such investment or reinvestment will be retained in the AFT Account for use for the same purposes as the Contributions as provided herein.

12. Disbursements of proceeds of the Contributions will be in accordance with the terms of this Arrangement.

ARTICLE III
COMMITMENT OF THE PROCEEDS OF THE CONTRIBUTIONS

1. Commitment of the proceeds of the Contributions provided herein, shall be on the basis of documentation including the following information:

   (i) objectives and expected results of the proposed project;

   (ii) terms of reference of the study/consultancy service or general description of the project;

   (iii) cost estimates; and

   (iv) implementation schedule.

2. The Bank will consider and approve requests for financing from the proceeds of the Contributions for any amounts not exceeding the equivalent of US$500,000. Any request for financing above the equivalent of US$500,000 but not exceeding the equivalent of US$1,000,000 will be submitted for the consideration and approval of an Oversight Committee established by the Bank, comprised of representatives of the Bank and Donors (the "Oversight Committee"). The Oversight Committee shall determine its decision making methods and procedures. All requests for financing for an amount exceeding the equivalent of US$1,000,000 will be submitted for the consideration of the Board of Directors of the Bank. All requests for financing of projects of the Bank under this Multi-donor Arrangement shall be approved by the Oversight Committee, either under the work programme or individually.
3. For the avoidance of doubt, the Donors shall have no liability to the Bank or for any third party claims for damages arising out of the AFT, or the use of funds therefrom.

**ARTICLE IV
ADMINISTRATION OF THE CONTRIBUTIONS**

1. The Bank will, in accordance with its rules, regulations and policy guidelines, administer the Contributions through its own organization, services, officers and staff. The Bank designates its Partnerships and Co-operation Unit as the organizational unit responsible for general communications and reporting concerning the implementation of the Bank’s obligations and the financial management and administration of the Contributions. The Agriculture and Agro-Industry Department, or any other organizational unit assigned by the Bank, will be responsible for the implementation of the Bank’s obligations under this Arrangement with regard to the execution of the projects and related technical matters.

2. The Contributions will be administered, in accordance with the terms of this Multi-donor Arrangement, and the common understanding of the parties as expressed in a document titled [“Multi-donor Agriculture Fast Track Fund”] approved by the Board of Directors of the Bank, as may be modified or replaced from time to time by the mutual consent of the Donors and the Bank.

3. The Bank shall be responsible only for performing those functions specifically set forth in this Arrangement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Arrangement shall be considered a waiver of any privileges or immunities of the ADB and ADF under their respective Agreements of establishment or any applicable law, all of which are expressly reserved.

4. The Oversight Committee will meet at least once a year, to review the progress made during the year and examine the annual work programme and objectives of the AFT for the coming year. The Bank will provide the venue for meetings, and may extend invitations to representatives of recipient Regional Members and organizations to attend the meetings of the Oversight Committee, as observers.

5. In administering the proceeds of the Contributions, the Bank will exercise the same care in the discharge of its functions under this Multi-donor Arrangement as it exercises with respect to the administration and management of its own resources and affairs, and will have no further liability to any of the Donors in respect thereof.

6. When making payments, Donors will instruct their relevant service/financial intermediary to advise the Treasury Department of the Bank by SWIFT as to the amount of each payment into the AFT Account, the name and other relevant particulars of the Donor making payment, and the date of such payment.

7. All financial accounts and statements prepared in relation to the AFT will be expressed in US Dollars or any other convertible currency selected by the Donors and the Bank.
8. The management of the Contributions will be subject to the usual internal financial control procedures of the Bank.

9. The Bank will maintain separate records and ledger accounts in respect of the Contributions and disbursements thereof.

10. In the discharge of its operational functions, the Bank will:

(i) to the extent applicable, use the methods it employs to control disbursement of its own resources; and

(ii) ensure that payments from the proceeds of the Contributions are made for the purposes of the AFT.

11. The Bank shall administer the activities financed with the proceeds of the Contributions and any related contracts or other agreements in accordance with its rules, regulations and policy guidelines, as amended from time to time, including, without limitation, the selection and recruitment of consultants and the procurement of goods and services financed by the Contributions, which shall be carried out in accordance with the ADB’s Rules and Procedures for the Use of Consultants, and Rules and Procedures for Procurement of Goods and Works.

12. The Bank will deduct five per cent (5%) of each Contribution upon receipt, and shall apply the amount deducted towards meeting the costs and expenses of administering the Contributions. The Bank may, following consent from a majority of the Donors, deduct a higher amount to meet costs and expenses of administering the AFT.

ARTICLE V
REPORTING AND CONSULTATION

1. The Bank will, in accordance with its usual procedures, keep and maintain separate records of account of the proceeds of the Contributions and projects financed under this Arrangement.

2. The Bank will furnish all Donors to the AFT with the following documents, reports and financial statements:

(i) an Implementation Plan for the AFT and a Performance Monitoring Framework;

(ii) periodic reports on the use of the Contributions and the implementation of the AFT, which shall be submitted as part of the periodic updates regarding the use of Donor resources;

(iii) quarterly and annual financial statements of Contributions received and disbursed;
(iv) upon request by a simple majority of the Donors, externally audited financial statements, the cost of which shall be charged to the AFT Account;

(v) an electronic copy of the final version of the Project Completion Report for each project financed under the AFT; and

(vi) a final report, to be submitted within one (1) year of the termination or expiration of this Multi-donor Arrangement, including audited financial statements, summarizing projects funded under the AFT, results achieved, lessons learned and overall Bank comments as to the results of the AFT.

3. Prior to the end of each work programme period for which Contributions have been provided, the parties to this Multi-donor Arrangement will review the results achieved and consult with each other regarding whether additional Contributions should be provided.

4. Upon the request of a simple majority of the Donors, the Bank will cause the account and records of any completed project financed under this Arrangement to be audited by its external auditors. The costs of such an external audit will be paid from the AFT Account.

5. Upon the request of a simple majority of the Donors, the Bank will conduct an external evaluation of the projects financed under this Arrangement. The Bank shall fully cooperate with the Donors in evaluating the AFT at such times as may be agreed upon among the parties. The evaluation shall focus on the results achieved, the efficiency and effectiveness of implementation, and the quality of financial and project administration of the AFT by the Bank. The expenses and costs of such evaluation shall be paid from the resources in the AFT Account.

ARTICLE VI
ACKNOWLEDGEMENTS

1. The Bank may, where and to the extent it considers appropriate, acknowledge the Contributions in any reference made by it with respect to the AFT in publications, speeches, press releases and other similar media.

2. Upon completion of the project, the following information may be made public and disseminated electronically to the Donors: consultant name, company address, telephone and fax numbers, e-mail address, project title and description; country, sector and description of project.
ARTICLE VII
TERMINATION OF THE ARRANGEMENT

1. If, at any time, the Bank determines that the purposes of the Multi-donor Arrangement can no longer be effectively or appropriately carried out, it may terminate the Arrangement by giving the Donors not less than six (6) months' prior written notice to this effect.

2. Upon termination of the Multi-donor Arrangement, and unless the parties otherwise agree, any agreement entered into between the Bank, any consultant, and/or any third party prior to the effective date of the termination of this Arrangement will not be affected by the termination and the Bank will be entitled to continue to receive and disburse the proceeds of the Contributions in respect of such agreements to the extent necessary in order to fulfil the Bank's obligations under such agreements as if the Multi-donor Arrangement had not been terminated. Except as otherwise agreed by each Donor, upon termination of the Multi-donor Arrangement, and following disbursements for the cost of project financed under the AFT, as well as any other related costs of administering the Contributions, the Bank will return to each Donor a pro rata portion of the funds in the AFT Account.

3. A Donor may decide not to continue its participation in the AFT by giving written notice of not less than six (6) months to the Bank and, upon the expiration of the notice period, ceasing to make future contributions to the Bank for purposes of the AFT. [The decision not to make future contributions will, however, not release such Donor from full payment to the Bank of any Contributions previously committed to the Bank.

ARTICLE VIII
EFFECTIVE DATE OF THE ARRANGEMENT

This Arrangement will become effective, and operational upon its signature by the Bank and any two (2) Donors.

ARTICLE IX
AMENDMENT

This Multi-donor Arrangement may be modified by the written consent of the Bank and a simple majority of the Donors, each of which will give full and open consideration to any proposal to amend the Arrangement. Amendments, however, will not be inconsistent with the scope and objectives of AFT as provided herein.
ARTICLE X
NOTICE

Any notice to be given to the Bank in respect of this Multi-donor Arrangement will be effectively given if delivered or sent by letter or fax addressed to the Bank at the address given below or other new address provided in writing by the Bank to the Donors:

Any notice to the Bank will be addressed to:

Head
Partnership and Co-operation Unit
African Development Bank
Temporary Relocation Agency
15, Avenue du Ghana
B.P. 323 TUNIS
1002 TUNIS BELVEDERE
Tunisia
Tel. (216-71) 10 21 34
Fax: (216-71) 83 01 72

Any notice to a Donor will be effectively given if delivered or sent by letter or fax to the address and fax number provided at the time of signature of this Arrangement, or any new address provided in writing by such Donor.

ARTICLE XI
DISPUTE RESOLUTION

Any dispute arising out of or in connection with this Arrangement, including disputes concerning the interpretation or application of any provision herein contained will be settled amicably by the Parties.

ARTICLE XII
GENERAL PROVISIONS

1. This Multi-donor Arrangement will not be assigned by the Bank without the prior consent of the Donors.

2. This Multi-donor Arrangement is not an international treaty. It is an administrative arrangement by and among the Donors and the Bank.

3. The operations of the AFT shall be subject to the Sanctions and Information Disclosure Policies of the ADB and the ADF.

4. In the event that the approval of the Donors is sought by the Bank on any matter, such matter will be deemed approved by a Donor if it shall not have communicated its concurrence or objection to such matter within fifteen (15) working days from the date of receipt of the request.
5. A party may terminate its participation in this Multi-donor Arrangement or have the right to request cancellation of any contract financed under this Arrangement, with immediate effect if it determines, with respect to any contract to be financed under this Arrangement, that corrupt or fraudulent practices were engaged in by the representative(s) of a party or of a beneficiary of the proceeds of the Grants during procurement or during the execution of the contract without such party having taken timely and appropriate action to remedy the situation.

6. This Multi-donor Arrangement shall be effective for a period of [Five (5)] years from its effective date, unless extended by mutual agreement of at least two (2) Donors.
IN WITNESS WHEREOF, the Undersigned, being duly authorized, have signed the present Agreement in two original counterparts.

FOR THE AFRICAN DEVELOPMENT BANK

AND

THE AFRICAN DEVELOPMENT FUND

_________________________________________________
By: [ ]
Title: [ ]
Date:

FOR THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

_________________________________________________
By: [ ]
Title: [ ]
Date:

FOR THE SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

_________________________________________________
By: [ ]
Title: [ ]
Date:
ANNEX

[Donor’s Letterhead]

AGRICULTURE FAST TRACK FUND

[Name of Donor] hereby agrees to pay its Contribution to the above named Multi-Donor Trust Fund as follows:

<table>
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