

CONTRACT RDADM000 - - -

Beneficiary's co-financing

Non-commercial legal entity – Rural Development Agency (RDA) located at the legal address No 6 Marshal Gelovani Ave, Tbilisi, 0159, Georgia and the actual address is 10A Akhmeteli, 0159, Tbilisi duly represented by its deputy director ----- on the one hand

And ----- at the legal address -----, Georgia

whereas Ordinance No235 by the Government of Georgia (April 10, 2020) approved the Dairy Modernization and Market Access Project (DiMMA)

whereas Non-commercial legal entity – Rural Development Agency (RDA) is implementing the Dairy Modernization and Market Access Project (DiMMA) to develop the agricultural sector

whereas The Committee on co-financing made a decision (Minutes No----- for the meeting of -----) on co-financing of the project submitted by -----in his business model/business plan

Now therefore we jointly referred as the Parties and separately, as the Party have hereby concluded this contract and agreed on the following:

Definitions

RDA	Non-commercial legal entity – Rural Development Agency (RDA) registration code 404923785, all its assignees and legal successors.
Beneficiary	Natural person ----- (personal No-----), LLC -----(registration No -----) sole proprietor (registration No-----) all their assignees and legal successors
DiMMA	Dairy Modernization and Market Access Project

Project	The project described in Annex No1, its costs and the list of fixed assets/works to be executed (if any)
Co-financing	The target funds paid by RDA to the Beneficiary under DiMMA in compliance with the contract terms
Tranche	A part of the total amount of the target co-financing to be paid under the contract
Confidentiality	Any information/documents about the other party received, processed, created and/or sent by either party and or other important information/documents shall be confidential.
Annex No 1	The project cost and the list of fixed assets/works to be executed
Annex No 2	The preconditions for the co-financing (tranche) disbursement and the evidence of its use for the intended purposes
Annex No 3	Standards of the farm building construction/modernization in case of primary milk production

1. Subject of the Contract

The subject of the contract is the co-financing amounting to GEL -----to be paid by RDA to the Beneficiary as the part of the total project cost in accordance with the conditions of the present Contract including its annexes.

2. Rights and Obligations of the Beneficiary

2.1 The Beneficiary has the right to:

2.1.1 Request the co-financing to be paid by RDA according to the Contract provisions and DiMMA conditions.

2.2 The Beneficiary shall:

- 2.2.1 No later than within the period specified in Annex No2 to the Contract after the Contract execution ensure the fulfillment of the purpose (-----) envisaged by the project, including the implementation of ---
----- (if necessary) and the commencement of ----- as per the project, and in accordance with the conditions defined in Annex No3 (if necessary), as well as ensure the implementation of capital expenditures in accordance with Annex No2;
- 2.2.2 Maintain the ----- profile envisaged by the project for 2 (two) years from the commencement of ----- (if necessary) and/or ensure the fulfillment of the following obligation (-----) determined by the committee (if any);
- 2.2.3 Comply with the co-financing conditions specified in Annex No. 2 and the conditions defined in Annex No. 3 (if necessary). In case of a reduction in the project cost, ensure the return of the difference within the period determined by RDA;
- 2.2.4 Request and use the tranche(s) of the co-financing according to the conditions of Annex No2;
- 2.2.5 Request the disbursement of the tranche no later than the deadline specified in Annex No2;
- 2.2.6 To ensure the fulfillment of obligations, within ----- months from the signing of the Contract, encumber the fixed assets (including buildings and/or land plots in which an investment is to be made) created, acquired, arranged, or existing within the framework of the project (if any) with a mortgage or pledge in favor of the RDA, in case of a relevant decision by the committee;
- 2.2.7 Have in place the proper arrangements to control the use of co-financing for the purposes intended, collect the information regarding the contract performance, regularly review the documents showing the Beneficiary's financial status and business operations, provide unimpeded access to the Beneficiary's buildings, and inspect the storage areas and equipment.

Note – RDA will determine the frequency and number of inspections. RDA can carry out the inspections without prior notification of the Beneficiary. The inspections can be conducted by either RDA representatives and/or inspectors hired by RDA.

- 2.2.8 Upon RDA's request submit to RDA the evidence required to control the co-financing and its use for the purposes intended. The evidence shall be submitted within a time period specified by RDA.
- 2.2.9 To confirm the performance of the contractual obligations the Beneficiary shall submit an expert's/ auditor's opinion to RDA within the time period specified by RDA in Annex No2. Such an expert/auditor shall be the one registered in the register of the Service for Accounting, Reporting and Auditing Supervision of the Ministry of Finance of Georgia.

Note: The expert/auditor's opinion confirming the fulfillment of the purpose must necessarily contain information about the expense documents and the actual circumstances observed on site, as well as photographs of the completed works;

- 2.2.10 Timely furnish to RDA accurate and complete information on the Project implementation (including the employees, the income received as a result of the project activities and the costs incurred);
- 2.2.11 agree and allow RDA to prepare and publish stories, photographs and videos regarding the co-financed project and the Beneficiary's experience as well as upon RDA's request use the project for demonstration;
- 2.2.12 allow RDA or a designated third person to carry out the Project monitoring and evaluation activities for 3 years after the Project completion;
- 2.2.13 After the RDA transfers the funds to the bank account, submit to the RDA a bank-certified payment order/income order within the period specified in Annex No. 2, confirming the transfer of funds to the supplier's bank account(s) as provided in the submitted invoice/agreement;
- 2.2.14 Participate in trainings conducted within the framework of the program and, if requested, undergo mandatory technical consultation with the relevant consultant of the program.
- 2.2.15 Grant the RDA or the Ministry of Environmental Protection and Agriculture the right to use the financed facility as a demonstration and training base for the purpose of conducting practical field training for groups of farmers.
- 2.2.16 Comply with the conditions and prerequisites stipulated by the program and the agreement.
- 2.2.17 Retain implementation records for a period not less than three (3) years from the completion date of the contract.
- 2.2.18 Avail all documentation for audit or review by IFAD or any IFAD appointed party for audit purposes.

2.3. RDA has the right to:

- 2.3.1 At any time without prior notification check and monitor the use of the co-financing for the purposes intended and the Project progress wither directly or with the help of independent experts and/or auditors, including (but not limited to) inspecting the Beneficiary's activities on site and review of the documents;
- 2.3.2 request the Beneficiary to submit the information/documents regarding the co-financing and the Project progress;
- 2.3.3 Approve or reject the decreased or increased Project costs for the Beneficiary. In case of rejection, the Beneficiary shall adhere to the Project costs stipulated in Annex No1.
- 2.3.4 terminate the Contract if the Beneficiary fails to perform his/her contractual obligations and recover any amounts previously paid without any further liabilities to the Beneficiary.

2.4 RDA shall

2.4.1 disburse the co-financing according to the present Contract and DiMMA;

2.4.2 Based on the proper performance of the contractual obligations by the Beneficiary disburse the co-financing according to the present Contract and DiMMA provided that the required budget is available at that moment.

3. **Beneficiary's Responsibility and Contract Termination**

3.1 If the beneficiary violates clause 2.2.1 of article 2 of the agreement, the agency is entitled to terminate the agreement or impose a penalty of 0.05% of the co-financing amount specified in the agreement for each overdue day, but not more than 5,000 GEL for each violation of the clause.

In addition, if the amount of the fee to be charged is 10% of the co-financing of the agency, the agency is entitled to terminate the contract signed between the parties;

3.2 if the beneficiary violates clause 2.2.2 of article 2.2 of the agreement; 2.2.3; 2.2.6; 2.2.7; 2.2.8; 2.2.9; 2.2.10; 2.2.11; 2.2.12; 2.2.13 will be charged 0.05% of the amount of co-financing received for each overdue day, but not more than 5,000 GEL for each violation of the subsection.

In addition, if the amount of the co-funding amount to be charged is 10% of the agency's co-financing, the agency is entitled to terminate the agreement signed between the parties and charge the beneficiary to pay the received co-financing amount and the accrued co-financing. If the additional period expires without results, the agency is entitled to terminate the contract and send a notification to the beneficiary;

3.3 The beneficiary is obliged to pay the full amount of the received co-financing to the agency and the accrued penalty within 30 (thirty) calendar days after receiving the notice of termination of the contract.

3.4 In case of violation of sub-clauses 2.2.4 and 2.2.5 of clause 2.2 of article 2, the agency is entitled to terminate the contract.

3.5 The Agreement may also be terminated:

3.5.1. in case of expiration of the validity period of the agreement;

3.5.2. before the deadline, for any reason, if agreed by the parties;

3.5.3. In other cases provided for by law.

3.6 In case of termination of the contract, the beneficiary is not released from fulfilling the obligations arising from the contract;

3.7 In case of termination of the contract by the Agency, the Agency shall not have any obligation towards the Beneficiary

4. **Confidentiality**

4.1 During the Contract period and after its completion no party shall disclose and/or share with the third party(ies) any confidential information without the other party's prior written consent/

4.2 The following information shall not be considered confidential: a) information furnished to the state/public agencies and or information which is/will become public according to the law; b) the

information the disclosure of which is allowed by the preliminary written consent of the party owning this information or by agreement of the parties; c) the information to be disclosed in the cases specified in the laws including the cases when such information is lawfully requested by the third person(s).

- 4.3 RAD has the right to use the information on the Beneficiary (co-financed) enterprise at its discretion in its advertising and promotional materials, for marketing and other purposes without the Beneficiary's consent as well as post this information on its web site www.rda.gov.ge.

5. Miscellaneous Provisions

- 5.1 The provisions of this Contract shall prevail over any other agreement/deals and communication (including e-mails) conducted between the parties before the Contract conclusion.
- 5.2 Under the Contract, a notification shall be considered executed in case of its delivery in written/electronic form/via telephone hotline. The notification must be delivered to the parties by courier, registered letter, or e-mail to the address/e-mail address specified in the Contract. A sent electronic notification shall be considered delivered to the recipient unless the sender of the notification receives an automatic notification generated by technical means/software about the failure to send the e-mail and its non-delivery to the recipient.
- 5.3 The present Contract shall apply to the legal successors and assignees of the parties. However, without RDA's consent the Beneficiary has no right to assign any of his/her obligations or rights to a third person.
- 5.4 The addresses and contact details specified in the Contract may be changed; in such case, the parties shall provide written notification within 5 (five) working days from the change.
- 5.5 The failure of one of the parties to exercise their rights under the Contract shall not be construed as a waiver of such right.
- 5.6 If at any time any provision of this Contract is considered invalid, it shall not affect the validity of the other provisions or the Contract as a whole.
- 5.7 All the annexes constitute an integral part of this Contract.
- 5.8 The costs of registration in the LEPL Service Agency of the Ministry of Internal Affairs and LEPL – National Agency of Public Registry and the notarial costs shall be paid by the Beneficiary.
- 5.9 All the disputes arising from this Contract shall be resolved amicably by the parties. If the parties fail to do so within 30 days from the rise of the dispute, the dispute will be resolved in the court of law of Georgia.

5.10 The Contract shall enter into force from the date of its signing and shall be valid until the fulfilment of the contract conditions by the parties.

5.11 The parties shall abide by IFAD policies and standards as follows:

- IFAD’s Policy on Preventing Fraud and Corruption in its Activities and Operations available at www.ifad.org/en/document-detail/asset/40738506;
- IFAD’s Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse available at www.ifad.org/anticorruption_policy;
- IFAD’s Anti-Money Laundering and Countering the Financing of Terrorism Policy available at www.ifad.org/en/document-detail/asset/41942012; and
- IFAD’s Social, Environmental, and Climate Assessment Procedures (SECAP) available at <https://www.ifad.org/en/secap>

5.12 The present Contract is executed in triplicate – each copy having the same legal force and kept by the signing parties (one copy is given to the Beneficiary and two copies to RDA). All the correspondence regarding the Contract shall be conducted in Georgian.

Bank Details and Signatures of the Parties

RDA	Beneficiary
Non-commercial legal entity – Rural Development Agency (RDA)	LLC/sole proprietor -----registration
Registration code 404923785	No/ID No -----
Address: No 6 Marshal Gelovani Ave, Tbilisi, 0159, Georgia	Address: -----
	Bank -----
	Bank code : -----

<p>E-mail: contact@arda.gov.ge</p> <p>Treasury Single Account _____</p> <p>Director/Deputy</p>	<p>Account No -----</p> <p>_____ Director</p>
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Annex No 1

Project Cost and the List of Fixed Assets

1. The project cost is GEL -----
2. Sources of Project financing:

Capital Investments by Types

Fixed assets	Quantity
Total Cost of Fixed Assets	GEL

Note: If any

Other Tangible Assets and Capital Investments	GEL
Total cost	

Annex No 2

pre-conditions of the co-financing (tranche) disbursement and evidence of its use for the intended purposes intended

The number of tranches and their amounts – 1 tranche after full and proper completion of the project by Beneficiary.

Preconditions for disbursement – project performance completed by Beneficiary according to the conditions of this contract and submission of the expert/auditor's opinion confirming the fulfillment of the purpose, expense documents and the actual circumstances observed on site, as well as verification of the completed works as per clause 2.2.9. and its note of this contract.

Deadlines for Confirming the Targeted Spending of the Tranche

Deadlines for Confirming the Fulfillment of Obligations

Deadlines for Performing Other Operations (if any)