Project Agreement

(Jilin Agricultural Product Quality and Safety Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JILIN PROVINCE

Dated July 20, 2010
PROJECT AGREEMENT

AGREEMENT dated July 20, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and JILIN PROVINCE (“Jilin”) (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of same date between PEOPLE’S REPUBLIC OF CHINA (“Borrower”) and the Bank (“Loan Agreement”). The Bank and Jilin hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II – PROJECT

2.01. Jilin declares its commitment to the objective of the Project. To this end, Jilin shall:

(a) carry out the Project in accordance with the provisions of Article V of the General Conditions; and

(b) provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and Jilin shall otherwise agree, Jilin shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

3.01. Jilin’s Representative is its Governor or Vice Governor or such other person or persons as said Governor or Vice Governor shall designate in writing.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
3.03. Jilin’s Address is:

World Bank Project Division of Agriculture Comprehensive Development Office
Jilin Finance Bureau
No. 3646 Renmin Dajie
Changchun
Jilin Province
P.R. China 130021

Facsimile:

86-431-88550972

AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Klaus Rohland
Authorized Representative

JILIN PROVINCE

By /s/ Wang Shouchen
Authorized Representative
SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

Institutional Arrangements

1. Jilin shall maintain until the completion of the Project:

   (a) the Project Steering Group at the provincial level chaired by a Vice Governor responsible for agriculture and comprised of representatives from the departments of agriculture, livestock, water resources, finance and other departments concerned with food safety of Jilin with such powers, functions and resources as shall be required for purposes of providing policy guidance and ensuring inter-agency coordination.

   (b) the Provincial Project Management Office (PPMO) within the Jilin Provincial Office of Comprehensive Agricultural Development (POCAD) headed by a qualified and experienced manager and responsible for the day-to-day implementation of the Project, such PPMO to be assigned with qualified staff in adequate numbers, funds and other resources as shall be necessary to enable the PPMO to provide technical guidance, review annual plans and budgets and ensure quality control under the Project.

   (c) Municipal PMO and County PMO in each Participating Municipality and each Participating County for purposes of carrying out the Project implementation at the municipal and county levels respectively.

Overall Implementation Arrangements

2. Jilin shall:

   (a) furnish to the Bank for approval an annual work and budget plan for the Project for the next calendar year by December 31 of each year, commencing on December 31, 2010 including a proposed annual work program, procurement plan and budget for Project activities in the following calendar year; and

   (b) ensure that Project activities are undertaken in accordance with each approved annual work and budget plan.

3. Jilin shall, in the carrying out of the Project, apply the measures and actions set forth in the Environmental Management Plans, the Environmental Management
Framework, the Pest Management Plan, the Resettlement Policy Framework, and the Ethnic Minority Planning Framework all in a manner satisfactory to the Bank. Jilin shall not amend, suspend, or waive any of said Plans and Frameworks, or any provision thereof, without the prior concurrence of the Bank.

4. Jilin shall apply in the implementation of the Project the Operations Manual in a manner satisfactory to the Bank and shall not amend, suspend, or waive the said manual or any part thereof without the prior agreement of the Bank. The Operations Manual shall include, inter alia: (a) eligibility criteria and procedures for the selection of Sub-grants Beneficiaries, Sub-loan Beneficiaries, and the Sub-projects to be financed by Sub-grants and Sub-loans; (b) a list of expenditures eligible for financing out of the proceeds of Sub-grants, or Sub-loans; (c) the procedures for awarding and managing Sub-grants and Sub-loans; (d) the procedures and process for appraising and elevating Sub-projects’ proposals; (e) Sub-projects’ quality and technical standards required under the Project; (f) a financial management manual including financial management, disbursement and audit procedures consistent with the provisions of Section II.B of Schedule 2 to the Loan Agreement; (g) procurement procedures consistent with the provisions in Section III of Schedule 2 to the Loan Agreement; (h) the Environmental Management Plans, the Environmental Management Framework, the Pest Management Plan, the Resettlement Policy Framework, and Ethnic Minority Planning Framework; and (i) the monitoring, evaluation, and supervision procedures. If any of the provisions of the Operations Manual is inconsistent with this Agreement, the provisions of this Agreement shall prevail.

Sub-grants under Parts A.2, A.3 and C.1 of the Project and Sub-loans under Part D of the Project

5. (a) For the purpose of carrying out Parts A.2, A.3 and C.1 of the Project, Jilin shall make available a portion of the proceeds of the amount allocated from time to time under Category (1) set forth in the table in paragraph A.2 of Section IV of Schedule 2 to the Loan Agreement to a Sub-grant Beneficiary as a Sub-grant under an Implementation Agreement with the respective Sub-grant Beneficiary in accordance with procedures and on terms and conditions satisfactory to the Bank, which shall include the relevant provisions set forth in Annex 2 to this Schedule.

(b) For the purpose of carrying out Part D of the Project, Jilin shall make available a portion of the proceeds of the amount allocated from time to time under Category (5) set forth in the table in paragraph A.2 of Section IV of Schedule 2 to the Loan Agreement to a Sub-loan Beneficiary under an Implementation Agreement with the respective Sub-loan Beneficiary in accordance with procedures and on terms and conditions satisfactory to the Bank.
conditions satisfactory to the Bank, which shall include the relevant provisions set forth in Annex 2 to this Schedule.

(c) Jilin shall exercise its rights under each Implementation Agreement in such manner as to protect its interests and the interests of the Bank and to accomplish the purposes of the Sub-grants and the Sub-loans. Except as the Bank shall otherwise agree, Jilin shall not assign, amend, abrogate or waive any Implementation Agreement or any of its provisions.

6. Jilin shall ensure that:

(a) under Part A.2 of the Project, a Sub-project under said Part of the Project will not be eligible for financing out of the proceeds of a Sub-grant, unless and until: (i) a concerned Sub-grant Beneficiary has entered into an Implementation Agreement with its County PMO under terms and conditions set out in Annex 2 of the Schedule to the Project Agreement; and (ii) the County PMO has certified that the disbursement requirements set out in the Operations Manual and in the relevant Implementation Agreement have been met;

(b) under Part A.3 of the Project, a Sub-project under said Part of the Project will not be eligible for financing out of the proceeds of a Sub-grant, unless and until: (i) a concerned Sub-grant Beneficiary has entered into an Implementation Agreement with its County PMO under terms and conditions set out in Annex 2 of the Schedule to the Project Agreement; and (ii) the County PMO has certified that the disbursement requirements set out in the Operations Manual and in the relevant Implementation Agreement have been met; and

(c) under Part C.1 of the Project, a Sub-project under said Part of the Project will not be eligible for financing out of the proceeds of a Sub-grant, unless and until: (i) a concerned Sub-grant Beneficiary has entered into an Implementation Agreement with the PPMO under terms and conditions set out in Annex 2 of the Schedule to the Project Agreement; and (ii) the PPMO has certified that the disbursement requirements set out in the Operations Manual and in the relevant Implementation Agreement have been met.

7. Unless the Bank shall otherwise agree, without the limitation upon the provisions of paragraph 6 above, for the first twenty (20) Sub-projects under each of Part A.2, A.3, and C.1 of the Project, respectively, Jilin shall provide satisfactory documentation concerning their eligibility for financing out of the proceeds of Sub-grants, to the Bank for prior approval.
8. Jilin through the PPMO shall retain qualified technical and financial specialists to ensure that the Sub-loan Beneficiaries and the Sub-projects to be financed by the Sub-loans meet the eligibility criteria set out in the Operations Manual. Unless the Bank shall otherwise agree, prior to signing an Implementation Agreement with a Sub-loan Beneficiary, Jilin shall submit each Sub-project proposal with its appraisal documents to the Bank for approval.

**Laboratories to be constructed and upgraded under Part B.3 of the Project**

9. During the period of implementation of the Project, Jilin shall, and shall also cause the Participating Municipalities to:

   (a) ensure that the quality of the laboratories constructed and upgraded under Part B.3 of the Project conforms to the standards set out in the relevant chapters of ISO 17025 or other suitable standard to be agreed with the Bank;

   (b) provide adequate and sufficient operating costs for the operation and maintenance of the laboratories constructed and upgraded under Part B.3 of the Project; and

   (c) staff said laboratories at the provincial and municipal levels with technicians or chemists in adequate numbers and with appropriate qualifications and experience including at least one (1) analytical chemist with a postgraduate level degree in each laboratory.

10. Jilin shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. Jilin shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08(b) of the General Conditions on the basis of the indicators set forth in Annex 1 to this Schedule. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than March 31 and September 30 of each year.

2. Jilin shall, through the PPMO, prepare and furnish to the Bank a mid-term report by no later than March 31, 2013. The mid-term report shall integrate the results of monitoring and evaluating Project performance during the period preceding the date of such report, and recommend measures to ensure efficient Project
implementation so as to achieve the Project objectives during the period following the date of such report.

**B. Financial Management, Financial Reports and Audits**

1. Jilin shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of Jilin, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, Jilin shall prepare and furnish to the Bank as part of the Project Report not later than ninety (90) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. Jilin shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of Jilin. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.
**ANNEX 1**

**Performance Indicators**

<table>
<thead>
<tr>
<th>Project Development Objectives</th>
<th>Project Outcome Indicators</th>
<th>Use of Project Outcome Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>The objectives of the Project are to assist Jilin Province in improving its agricultural product quality and reducing agricultural product safety risks through introducing good agricultural practices, improving the implementation of agricultural product safety related regulations; and strengthening the agricultural product safety monitoring system.</td>
<td>1. Percent of agricultural production adopting certified production standards (pollution free) in the province 2. Establish a risk based agricultural product safety monitoring system.</td>
<td>These outcome indicators will be used to assess the project’s overall contribution to reduced safety risks and improved agricultural product quality.</td>
</tr>
</tbody>
</table>

**Intermediate Outcomes**

<table>
<thead>
<tr>
<th>Intermediate Outcome Indicators</th>
<th>Use of Intermediate Outcome Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Component A: Promotion of Good Agricultural Practices for Agricultural Product</strong></td>
<td></td>
</tr>
<tr>
<td>Comprehensive set of technical standards for safe agricultural practice developed and adapted to local conditions</td>
<td>A.1. Number of technical standards developed and adopted each year of implementation based on schedule. A.2 and A.3 will be used to measure initial project implementation. Slow progress on this indicator may require adjustments to selection process and management of the component. If there is a lack of interest in the facility this may require an improved communication strategy. A.4 and A.5 would be used to measure intermediate outcomes in terms of adoption rates and knowledge transfer. Low adoption rates or farmer knowledge my require adjustments in approach or incentives.</td>
</tr>
<tr>
<td>Good agricultural practices demonstrated</td>
<td>A.3. Number of farmers visiting demonstration sites A.4. Percent of participating farmers adopting good agricultural practices (collected by observation of a sample of farmers – not questionnaires) A.5. Percent of visiting farmers adopting good agricultural practices within one year after visiting demo-sites (collected by observation of a sample of farmers – not questionnaires)</td>
</tr>
</tbody>
</table>
Pilot programs for certification of agricultural products launched | A.6 Number of product and process certifications received by farmer groups or enterprises | A.6 would be used to demonstrate the commercial benefits of product or process certification.

**Component B: Public Monitoring of Agricultural Product Quality and Safety**

| Government quality and safety supervision system improved | B.1. Number of Agro-product Quality and Safety Supervision Offices operational<sup>1</sup>  
B.2. Number of agricultural product safety inspections per year. | B.1 Upgrading of Quality and Supervision Offices completed by year 3.  
This intermediate outcome measure is used to measure progress on upgrading the enforcement system.  
B.2 Number of product inspections measure the increase in enforcement capacity after year 3. |

| Quality and Safety Information System established | B.3. Computer system to support supervision activities and risk based agro products safety monitoring operational | B.3 System in place by year 4. This indicator measures progress on establishing a risk based monitoring system. |

| Procedures and infrastructure for risk based agro products safety monitoring and testing system established and operational | B.4. Initial sampling results and annual up-date for risk based agro products safety monitoring system established.  
B.5. Number of food safety laboratories operational<sup>2</sup>. | B.4 Baseline risks identified by year 5  
B.5 Laboratories completed and operational by year 4  
Both indicators used to measure establishment of the risk based monitoring system. |

**Component C: Applied Research, Training and Awareness Raising**

| Capacity of Government and private stakeholders in food quality and safety issue improved | C.1. Number of government staff successfully trained based on exit exams  
C.2. Number of farmers successfully trained based on sample exit exams  
C.3. Increased farmer understanding of good agricultural practices as measured by a general survey of all farmers in media target area. | C.1 – C.3 Used to measure success of the training program. |

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<sup>1</sup> Operational defined by having the designed sets of equipment, full number of staff and staff being trained.

<sup>2</sup> Operational defined by successfully meeting national accreditation following ISO17025 standards or other suitable standard.
| Public awareness raised | C.4. Food safety information retention rates of target audiences measured by survey, including similar rates for minorities. | C.4 Used to measure the achievement of goals under the public education campaign. |

**Component D: Demonstration Models for Agriculture Safe Production Chain**

| Safe agricultural production chains demonstrated | D.1. Percentage of successful sub-projects that demonstrate the integration of small-scale farmers into high value food chains and record lessons learned. D.2. Collection rates for sub-loans is satisfactory. | D.1 Used to measure the success of this approach to integration of small scale farmers into high value agricultural production chains and provide lessons for an expanded program. D.2 Used to measure the performance of the line of credit arrangements used to finance this component. |
## Arrangements for results monitoring

<table>
<thead>
<tr>
<th>Outcome Indicators</th>
<th>Target Values</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Percent of agricultural production adopting certified production standards (pollution free) in the province</td>
<td>10% 12% 15%</td>
<td>Mid-term, end-project National/Provincial statistics</td>
</tr>
<tr>
<td>2. Establish a risk based agricultural product safety monitoring system (as defined in paragraph 36 of the main text of the Project Appraisal Document)</td>
<td>N/A N/A yes</td>
<td>Mid-term, end-project Laboratory Management Information System</td>
</tr>
</tbody>
</table>

### Intermediate Outcome Indicators

#### Component A: Promotion of Good Agricultural Practices for Agricultural Product

<table>
<thead>
<tr>
<th>A.1. Number of technical standards developed and adopted</th>
<th>0 30 100</th>
<th>Semi-annual</th>
<th>Project Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.2. Number of demonstration sites supported under the project achieving certification</td>
<td>0 5 50</td>
<td>Semi-annual</td>
<td>Project Reporting</td>
</tr>
<tr>
<td>A.3. Number of farmers visiting demonstration sites</td>
<td>0 300 3,000</td>
<td>Semi-annual</td>
<td>Project Reporting</td>
</tr>
<tr>
<td>A.4 Percentage of participating farmers adopting GAP (by observation – not questionnaires)</td>
<td>0 20% 70%</td>
<td>Mid-term, end-project Field Survey</td>
<td></td>
</tr>
<tr>
<td>A.5. Percent of visiting farmers adopting good agricultural practices within one year after visiting demo-sites (collected by observation of a sample of farmers – not questionnaires)</td>
<td>0 10% 15%</td>
<td>Mid-term, end-project Field Survey</td>
<td></td>
</tr>
<tr>
<td>A.6. Number of product certifications received by farmer groups or enterprises for the whole Province</td>
<td>0 150 800</td>
<td>Semi-annual</td>
<td>Project Reporting</td>
</tr>
</tbody>
</table>

#### Component B: Public Monitoring of Agricultural Product Quality and Safety

<table>
<thead>
<tr>
<th>B.1. Number of Agricultural product Quality and Safety Supervision Offices operational¹</th>
<th>0 provincial 27 city 126 county</th>
<th>Semi-annual</th>
<th>Project Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.2. Number of agricultural product quality and safety site inspections per year</td>
<td>0 2,000 6,000</td>
<td>Semi-annual</td>
<td>Project Reporting</td>
</tr>
</tbody>
</table>

¹ Farmers participating in demonstration sites.
² Operational defined by having the designed sets of equipment, full number of staff and staff being trained.
### Outcome Indicators

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Baseline</th>
<th>Target Values</th>
<th>Data Collection and Reporting</th>
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</thead>
<tbody>
<tr>
<td><strong>Outcome Indicators</strong></td>
<td></td>
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<tr>
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<td></td>
</tr>
<tr>
<td>B.3. Computer system to support supervision activities and risk based agro products safety monitoring operational</td>
<td>N/A</td>
<td>N/A</td>
<td>Yes</td>
<td>Semi-annual</td>
</tr>
<tr>
<td>B.4. Initial sampling results and annual up-date for risk based agro products safety monitoring system established</td>
<td>N/A</td>
<td>N/A</td>
<td>Yes</td>
<td>Semi-annual</td>
</tr>
<tr>
<td>B.5. Number of food safety laboratories operational</td>
<td>N/A</td>
<td>0</td>
<td>12</td>
<td>Semi-annual</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component C: Applied Research, Training and Awareness Raising</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.1. Number of government staff successfully trained based on exit exams</td>
</tr>
<tr>
<td>C.2. Number of farmers successfully trained based on sample exit exams</td>
</tr>
<tr>
<td>C.3. Increased percentage of farmers who have minimum understanding of good agricultural practices as measured by a general survey of all farmers in media target area.</td>
</tr>
<tr>
<td>C.4. Increased percentage of targeted audiences who have minimum understanding of food safety as measured by a general survey in the media target area, including similar percentage increases for minorities.</td>
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<table>
<thead>
<tr>
<th>Component D: Demonstration Models for Agriculture Safe Production Chain</th>
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</thead>
<tbody>
<tr>
<td>D.1. Percentage of successful sub-projects that demonstrate the integration of small farmers into high value food chains, and record lessons learned.</td>
</tr>
<tr>
<td>D.2. Collection rate for sub-loans is satisfactory.(greater than 97%)</td>
</tr>
</tbody>
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5 Operational defined by successfully meeting laboratory proficiency benchmarks.
ANNEX 2

Procedures and Terms and Conditions of Implementation Agreements

Section A. Procedures

1. Sub-grant Beneficiaries and Sub-loan Beneficiaries shall be selected for receiving financing under the Project based on the criteria set out in the Operations Manual.

2. Jilin shall select and approve a Sub-project for financing to be implemented by a Sub-grant Beneficiary or a Sub-loan Beneficiary based on the eligibility criteria and an appraisal carried out under arrangements and standards set out in the Operations Manual.

Section B. Terms and Conditions

Each Implementation Agreement shall include the following terms and conditions:

1. In the case of Sub-grants, each Sub-grant shall be made on a non-repayable basis and without fees and charges of any kind; and in the case of Sub-loans, unless the Bank shall otherwise agree, each Sub-loan should be: (i) denominated and repayable in RMB; (ii) charged interest on the principal amount withdrawn and outstanding from time to time at the prevailing rate charged by the Borrower’s Agriculture Bank of China for similar investments; and (iii) repayable over a period not exceeding six (6) years from the date of the Implementation Agreement, inclusive of a grace period not exceeding three (3) years.

2. The Implementation Agreement shall specify each Sub-project’s scope of works, a list of expenditures eligible for financing out of the proceeds of a Sub-grant, or a Sub-loan; quality standards and technical specifications, the financing and disbursement procedures, implementation schedule, and supervision and verification process.

3. Each Sub-grant Beneficiary and each Sub-loan Beneficiary shall undertake to carry out its respective Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, management, social and environmental standards and practices acceptable to the Bank as set out in Operations Manual and in accordance with the provisions of the Anti-corruption Guidelines, and provide, promptly as needed, the resources and labor required for the purpose.

4. Each Sub-grant Beneficiary and each Sub-loan Beneficiary shall undertake to procure the goods, works, and services to be financed out of the proceeds of a Sub-grant or a Sub-loan in accordance with the provisions of Section III of
Schedule 2 to the Loan Agreement and the relevant provisions in the Operations Manual, and utilize such goods, works, and services exclusively in the carrying out of its respective Sub-project.

5. Each Sub-grant Beneficiary and each Sub-loan Beneficiary shall undertake to:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of its Sub-project and the achievement of its objective;

(b) maintain financial records adequate to reflect the operations, resources and expenditures related to the Sub-project;

(c) at the Bank’s or the Borrower’s or Jilin’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower, the Bank, and Jilin;

(d) enable the Borrower, the Bank and Jilin to inspect the Sub-project, its operation and any relevant records and documents; and

(e) prepare and furnish to the Borrower, the Bank, and Jilin all such information as the Borrower, or the Bank, or Jilin shall reasonably request relating to the foregoing.

6. In carrying out Part A.2 of the Project, Jilin through the County PMOs shall undertake to:

(a) contribute computers, equipment, and other goods and materials to Sub-grant Beneficiaries free of charge necessary for the establishment and maintenance of the demonstration sites under said Part of the Project; and

(b) provide technical assistance and training to Sub-grant Beneficiaries to enable them to properly establish and manage the demonstration sites according to the technical requirements under the Project.

7. Jilin shall carry out an inspection of each Sub-project under Parts A.2, A.3, and C.1 of Project implemented by a Sub-grant Beneficiary after its completion to determine if the Sub-project has been completed in conformity with the agreed quality, technical standards and specifications and other requirements as set out in the relevant Implementation Agreement and in the Operations Manual. Based on the inspection, Jilin shall issue an inspection certificate.
8. Jilin shall have the right to suspend or terminate the right of a Sub-grant Beneficiary or a Sub-loan Beneficiary to the use of the proceeds of a Sub-grant or a Sub-loan made available under the Implementation Agreement upon failure by such Sub-grant Beneficiary or Sub-loan Beneficiary to perform any of its obligations under the Implementation Agreement or upon notice from the Bank that it intends to exercise or has exercised any remedy under Article VII of the General Conditions.