



LOAN NO. 13754P

ECONOMIC AND SOCIAL INCLUSION OF SMALL RURAL
PRODUCERS IN THE NORTH-EASTERN REGION OF HONDURAS
PROJECT (PROINORTE)

LOAN AGREEMENT

BETWEEN

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT

AND

THE REPUBLIC OF HONDURAS



The OPEC Fund for International Development

AGREEMENT between the OPEC Fund for International Development ("OPEC Fund") and the Republic of Honduras ("Borrower").

Whereas, the Borrower has requested a loan from the OPEC Fund for part financing of the Project described in Schedule 1; and

Whereas, the OPEC Fund has approved a loan to the Borrower in the amount of twenty million Dollars (\$20,000,000) upon the terms and conditions set forth hereinafter ("Loan").

Now, therefore, the parties to this Loan Agreement ("Agreement") hereby agree as follows:

Article 1

GENERAL CONDITIONS; DEFINITIONS

1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings:

- (a) "Authorized Representative" of the Borrower means its Minister of Finance;
- (b) "Closing Date" means June 30, 2026;
- (c) "Date of Repayment" means the date of each semi-annual repayment of the Loan as set forth in Schedule 3;
- (d) "Dollar" and the sign "\$" mean and refer to the lawful currency of the United States of America;
- (e) "Eligible Expenditure Commencement Date" means March 13, 2019;



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- (f) "Executing Agency" means the Borrower's Ministry of Agriculture and Livestock;
- (g) "General Conditions" means OPEC Fund General Conditions Applicable to Public Sector Loan Agreements, June 2019;
- (h) "Grace Period" means the period beginning on the Date of Agreement and ending five (5) years from that Date; and
- (i) "Loan Administrator" means the International Fund for Agricultural Development.

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Article 2 THE LOAN

2.01 The OPEC Fund agrees to lend to the Borrower and the Borrower agrees to borrow from the OPEC Fund the Loan in the amount of twenty million Dollars (\$20,000,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of two per cent (2%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charge shall be paid semi-annually on June 15 and December 15 in each year into the OPEC Fund Account.

2.05 The Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to the OPEC Fund in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall commence immediately following the end of the Grace Period and shall be effected in thirty (30) semi-annual instalments each in an amount determined by the OPEC Fund as specified in Schedule 3 (AMORTIZATION) for the respective Date of Repayment.



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2.06 The Date of the Agreement shall be the date on which it is signed and dated by the authorized representative of the party last to sign and date the same.

* * *

Article 3 EFFECTIVENESS

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by the OPEC Fund of:

(a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower;

(b) a legal opinion issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and

(c) evidence that the loan or other financing agreement between the Loan Administrator and the Borrower for financing the Project has been declared effective or will be declared effective concurrently with this Agreement.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.

3.03 If this Agreement shall not have become effective within one hundred and eighty (180) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless the OPEC Fund, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section.

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Article 4 ADDRESSES

4.01 The parties' addresses are as specified below:

For the OPEC Fund:

The OPEC Fund for International Development
Parkring 8
A-1010 Vienna
AUSTRIA
Facsimile: (++43-1) 513 92 38

For the Borrower:

Ministry of Finance
Cervantes Avenue, el Jazmin
Neighbourhood, Tegucigalpa
Historical Center, MDC
HONDURAS
Facsimile: (+504) 2238-7766

* * *



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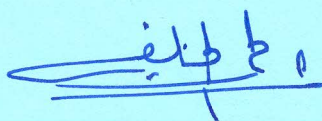
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IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered by exchange of correspondence in two counterparts in the English language, each considered an original and both to the same and one effect as of the Date of the Agreement.

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

Signature: _____




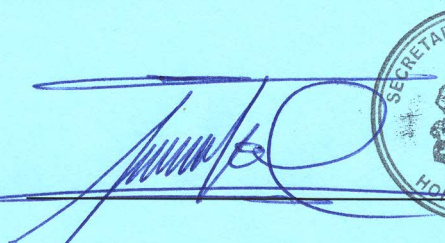
Name: Abdulhamid Alkhalifa

Title: Director-General

Date: June 10, 2021

FOR THE BORROWER:

Signature: _____



Name: HE Luis Fernando Mata Echeverri

Title: Minister of Finance

Date: _____

June 18, 2021

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REPUBLIC OF HONDURAS ECONOMIC AND SOCIAL INCLUSION OF SMALL RURAL PRODUCERS IN THE NORTH-EASTERN REGION OF HONDURAS PROJECT (PROINORTE)

SCHEDULE 1 PROJECT DESCRIPTION

1.01 The Project's main objective is to increase incomes and improve the nutrition of small rural producers and their families; improve their productivity, diversification, transformation and marketing capacities; incorporate them into prioritized value chains; and increase their resilience in the context of climate change.

2.01 The Project's objective will be achieved through implementation of the following:

(a) Business Alliances, Organizational Strengthening and Innovation

This component will finance:

- (i) technical assistance activities to facilitate the participatory and inclusive development of strategies for new and existing crop-to-market produce value chains;
- (ii) nutrition awareness campaigns, including training of 15,000 people on healthy and safe dietary practices, increasing supply and accessibility to safe nutritious food and seed types, and diversifying the diet of rural and peri-urban consumers;
- (iii) introduction of new domestic production practices, including climate-smart production techniques; and
- (iv) consultancy services to advise stakeholders on gender and youth promotion and inclusion in both the policy making process and its enforcement during Project implementation.

(b) Productive Development and Resilience

This component will finance rural production support infrastructure and other water management and climate change mitigation activities, including:

- (i) construction and/or rehabilitation of approximately 220 km of tertiary, feeder and/or access roads;
- (ii) installation of 1,500 water storage facilities/tanks;
- (iii) installation of 10,500 micro irrigation systems;



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- (iv) construction of 1,500 small silos and processing/packing facilities (including vegetable harvesting greenhouses, refrigeration/cooling facilities, etc.);
 - (v) reforestation activities to improve approximately 1,000 hectares of land;
 - (vi) installation of 10,500 efficient firewood cooking stoves; and
 - (vii) construction of approximately 8,000 latrines.
- (c) Administration, Management, Planning, Monitoring, Evaluation and Knowledge Management

This component will finance:

- (i) an advocacy and outreach campaign; and
- (ii) Project administration expenses, including running cost, knowledge management activities, planning, monitoring and evaluation activities, office equipment, and Project vehicles.

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SCHEDULE 2 LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and the OPEC Fund, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items to be financed in respect of each component:

Component	Amount of the Loan Allocated (Expressed in Dollars)	Percentage of Total Expenditures to be Financed
1. Business Alliances, Organizational Strengthening and Innovation	10,000	0.09
2. Productive Development and Resilience	19,990,000	70.66
3. Administration, Management, Planning, Monitoring, Evaluation and Knowledge Management	---	---
Contingencies	---	---
Total	20,000,000	

2. Notwithstanding the allocation of the Loan proceeds or the disbursement percentage set forth in Paragraph 1 above, if the OPEC Fund has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, the OPEC Fund may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of the OPEC Fund are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

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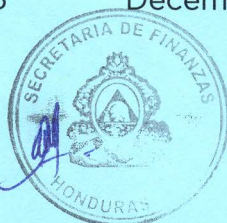
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SCHEDULE 3 AMORTIZATION

1. The following table sets forth the Dates of Repayment of the Loan and the percentage of the principal amount of the Loan due and payable (Amount Due) on each Date of Repayment. If the proceeds of the Loan have been fully withdrawn as of the first Date of Repayment, the principal amount of the Loan repayable by the Borrower on each Date of Repayment shall be determined by the OPEC Fund by multiplying: (a) the total amount of the Loan withdrawn and outstanding as of the first Date of Repayment; by (b) the percentage of the Amount Due specified below for each Date of Repayment.

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in Percentage)
1	June 15, 2026	3.33
2	December 15, 2026	3.33
3	June 15, 2027	3.33
4	December 15, 2027	3.33
5	June 15, 2028	3.33
6	December 15, 2028	3.33
7	June 15, 2029	3.33
8	December 15, 2029	3.33
9	June 15, 2030	3.33
10	December 15, 2030	3.33
11	June 15, 2031	3.33
12	December 15, 2031	3.33
13	June 15, 2032	3.33
14	December 15, 2032	3.33
15	June 15, 2033	3.33
16	December 15, 2033	3.33
17	June 15, 2034	3.33
18	December 15, 2034	3.33
19	June 15, 2035	3.33
20	December 15, 2035	3.33
21	June 15, 2036	3.33
22	December 15, 2036	3.33
23	June 15, 2037	3.33
24	December 15, 2037	3.33
25	June 15, 2038	3.33
26	December 15, 2038	3.33



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27	June 15, 2039	3.33
28	December 15, 2039	3.33
29	June 15, 2040	3.33
30	December 15, 2040	<u>3.43</u>

Total: 100

2. In the event that the Loan proceeds have not been fully withdrawn as of the first Date of Repayment, the principal amount of the Loan repayable by the Borrower on each Date of Repayment shall be determined as follows:

- (a) To the extent that any amount of the Loan proceeds has been withdrawn as of the first Date of Repayment, the Borrower shall repay the Loan amount withdrawn and outstanding as of the first Date of Repayment in accordance with paragraph 1 above.
- (b) Any withdrawal made after the first Date of Repayment shall be repaid on each Date of Repayment falling after the date of such withdrawal in amounts determined by the OPEC Fund as follows: amount of the withdrawal multiplied by a fraction, the numerator of which shall be the instalment percentage specified in the table in Paragraph 1 above for such Date of Repayment and the denominator of which shall be the sum of all remaining instalment percentages for Dates of Repayment falling on and after such date.

3. Withdrawals made within three (3) calendar months prior to any Date of Repayment shall, for the purposes solely of calculating the amount of the Loan payable on any Date of Repayment, be treated as withdrawn and outstanding on the date immediately following such Date of Repayment. Notwithstanding the treatment herein, Interest and Service Charges shall begin to accrue on the respective value dates on which such withdrawals shall have been made.

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