
GAFSP GRANT NUMBER TF0A2869

Global Agriculture and Food Security Program Trust Fund Grant Agreement

(Sustainable Agriculture Productivity Improvement Project)

between

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as administrator of the Global Agriculture and Food Security Program Trust
Fund

Dated 16 November, 2016

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated 16 November 2016, entered into between: DEMOCRATIC REPUBLIC OF TIMOR-LESTE ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as administrator of the Global Agriculture Food Security Program Trust Fund ("Trust Fund").

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds", dated February 15, 2012 ("Standard Conditions"), 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 Standard Conditions or in the Appendix to this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall, through its Ministry of Agriculture and Fisheries, carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to twenty one million Dollars (US\$21,000,000) ("Grant") to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the Trust Fund for which the World Bank receives periodic contributions from the donors to the Trust Fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the Trust Fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Recipient's Representative; Addresses

- 4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the minister responsible for agriculture and fisheries.
- 4.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Agriculture and Fisheries
Comoro, rua Nicolau Lobato,
Dili, Timor-Leste

- 4.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

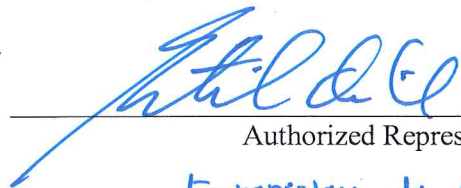
Facsimile:

1-202-477-6391

AGREED at Dili, Timor-Leste, as of
the day and year first above written.

REPUBLIC OF TIMOR-LESTE


By



Authorized Representative
Name: Estanislau da Silva
Title: Minister of Agriculture
and Fisheries

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as administrator of the Global Agriculture and Food
Security Program Trust Fund

By



Authorized Representative
Name: Michel Kauf
Title: Country Director

SCHEDULE 1 Project Description

The objective of the Project is to increase the productivity and marketed production of smallholder agriculture in selected geographical locations in Timor-Leste.

The Project consists of the following parts:

Part 1: Integrated watershed agriculture development planning

Carrying out a program of activities designed to improve agriculture development planning within targeted watersheds, such activities to include:

- a) forming and maintaining of new Watershed Management Councils, and strengthening existing Watershed Management Councils ("WSMC");
- b) preparation of watershed agricultural development plans aimed at increasing the productivity and marketability of agricultural produce at the municipal level, and where such plans already exist, updating such plans based on community consultations; and
- c) preparation of sustainable community agriculture development plans aimed at increasing the productivity and marketability of agricultural produce at the community level, and where such plans already exist, carrying out verification and additional consultations with rural communities as required.

Part 2: Smallholder organization, advisory support, and training

Carrying out a program of activities designed to develop new, and strengthen existing Farmers' Groups, to improve farm productivity and marketability, including:

- a) forming new Farmers' Groups, and/or identifying and assessing existing Farmers' Groups;
- b) providing guidance, support and capacity building to ensure the sustainability and effectiveness of Farmers' Groups;
- c) facilitation of farmer-to-farmer learning through farmer field schools, demonstrations, and additional training activities; and
- d) providing training to Farmers' Groups on topics such as productivity, business planning, marketing, financial management, internal organization, environmental management, community participation and governance, nutrition awareness, and food safety.

Part 3: Sustainable watershed management and support to Farmers Groups

Carrying out a program of activities designed to support Farmers' Groups in the implementation of sustainable community agriculture development plans through the provision of targeted on-farm investments; including:

- a) rapid roll out of post-harvest storage and processing technology and equipment to Farmers' Groups, including hire and maintenance of the Independent Verifier;
- b) development and delivery of production, storage, and processing facilities, equipment and technology to Farmers' Groups consistent with the watershed agricultural development plans developed under Part 1 of the Project; and
- c) provision of Sub-grants to Farmer's Groups for the implementation of watershed agricultural development plan activities.

Part 4: Strengthening of the Ministry of Agriculture and Fisheries' Institutional Capacity

- a) Carrying out a program of activities designed to enhance the institutional capacity of the Ministry of Agriculture and Fisheries ("MAF"), including building MAF's capacity for: (i) providing analytical support for policy reforms, (ii) adaptive research; and (iii) improved management strategy and institutional governance.
- b) Carrying out a program of activities designed to support MAF in the development of a monitoring and evaluation system, including a results-based financing monitoring and evaluation system.

Part 5: Project management and monitoring

Carrying out a program of activities designed to strengthen the capacity of MAF for implementation, coordination, financial and procurement management, reporting, audit of the Project including establishment, operationalization and strengthening of an integrated Project Management Unit.

Part 6. Contingency for Disaster Risk Response

Carrying out a program of activities designed to provide rapid response to disaster, emergency or catastrophic events, as needed.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall vest responsibility for overall implementation of the Project in MAF. Notwithstanding the foregoing, the Recipient shall vest day to day implementation of Parts 1 and 2 of the Project in the Municipality Implementation Units, until such time as a municipality's WSMC has been established and operationalized, then through that municipality's WSMC.

2. Project Steering Committee

The Recipient shall establish, by no later than four months after date of this Agreement, and thereafter maintain until the Closing Date, a Project steering committee whose mandate, terms of reference and composition shall be acceptable to the World Bank, to be responsible for general oversight and supervision of the Project, and to advise the Recipient on any concerns or issues that may arise with regards to Project implementation. The Project steering committee shall be chaired by the Secretary General of MAF, and membership shall include the relevant Director Generals from MAF, representatives from relevant ministries of the Recipient, representatives from municipal governments for the participating municipalities, and representatives from civil society and farmer groups.

3. WSMCs

The Recipient shall establish and operationalize WSMCs which shall, after they have been operationalized, be responsible for implementation of Parts 1 and 2 of the Project. To this end, the Recipient shall take all measures required on its part to hire consultants to assist with the training, planning and institutional structure of the WSMCs, and involve extension workers and MAF municipal level staff in mobilization and training activities for the WSMCs, all in a manner acceptable to the World Bank.

4. Project Management Unit

(a) The Recipient shall, by no later than three (3) months after date of this Agreement, establish and thereafter maintain until the Closing Date a Project Management Unit to be headed by a Project manager, with mandate, terms of reference and composition satisfactory to the World Bank, to be responsible for coordination of implementation and monitoring of the Project, and reporting on the results thereof, including:

(i) preparation of work plans and budgets, procurement plans, and progress and impact reports; (ii) financial management and reporting; (iii) management of procurement activities; (iv) contracts administration; and (v) coordination with other institutions and agencies involved in the Project, including Farmers' Groups. To this end, the Recipient shall ensure that the Project Management Unit shall have adequate resources and staffed with qualified and experienced staff which shall include a Project manager, a program officer, a policy planning and monitoring and evaluation officer, a finance officer, a procurement officer, and an administrative officer.

(b) The Recipient shall ensure that the positions of Project manager and other key personnel referred to in paragraph (a) above shall be kept filled at all times by persons having qualifications and experience satisfactory to the World Bank.

5. Municipal Implementation Unit

The Recipient shall, by no later than three months after date of this Agreement, establish and thereafter maintain as required for Project implementation purposes, Municipality Implementation Units within the MAF's local municipal offices, to be initially responsible for implementing Project activities with support and direction from the PMU in accordance with the Project Implementation Manual, until such time as the municipality's WSMC is established and operational.

B. Project Implementation Manual

1. The Recipient shall, by no later than three (3) months after the date of this Agreement, prepare and adopt a Project Implementation Manual, acceptable to the World Bank ("Project Implementation Manual"), giving details of guidelines and procedures agreed with the World Bank for the implementation, supervision, and monitoring and evaluation, of the Project, including:
 - (a) institutional and staffing arrangements;
 - (b) reporting requirements;
 - (c) financial and procurement management procedures. and audit procedures;
 - (d) implementation arrangements and verification protocol for Part 3(a) of the Project;

- (e) implementation arrangements for the provision of goods to Farmers' Groups pursuant to Part 3(b) of the Project;
 - (f) implementation arrangements for Sub-grants to Farmers' Groups pursuant to Part 3(c) of the Project, including eligibility criteria, and payment procedures;
 - (g) criteria for identifying and registering new and existing Farmer's Groups; and
 - (h) environmental and social safeguard implementation arrangements.
2. The Recipient shall thereafter implement the Project in accordance with the Project Implementation Manual; provided, however, that, in case of any discrepancies between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

D. DLI Monitoring and Reporting

- 1. The Recipient shall make all necessary arrangements for the Independent Verifier appointed by the Recipient, to produce Output Verification Reports of the status of achievement of all DLI Targets in accordance with the verification protocol and procedures set out in the Project Implementation Manual.
- 2. Without limitation on its other reporting obligations under this Agreement, the Recipient shall: (a) by not later than one month after the end of each Period, furnish reports to the Independent Verifier and the World Bank on the status of achievement of the relevant DLI Targets; and (b) take all necessary measures on its part to ensure that the Independent Verifier furnishes the Output Verification Reports to the World Bank, by no later than three (3) months after the end of each Period, all in accordance with the verification protocol set out in the Project Implementation Manual.

E. Safeguards

- 1. The Recipient shall carry out the Project in accordance with the provisions of the Safeguard Instruments.

2. If any Project activities would, pursuant to the Environmental and Social Management Framework ("ESMF"), require the preparation of an Environmental Management Plan, the Recipient shall ensure that no such activities shall be implemented unless and until such Environmental Management Plan is prepared in accordance with the ESMF and furnished to the World Bank for review and approval, and is disclosed as required by the ESMF and approved by the World Bank.
3. If a Resettlement Action Plan ("RAP") would be required for any Project activity on the basis of the Land Acquisition and Resettlement Policy Framework ("LARPF"), the Recipient shall ensure that: (a) said RAP has been prepared in accordance with the requirements of the LARPF, furnished to the World Bank for approval, and disclosed locally; and (b) no such activities shall commence until: (i) all measures required to be taken under said RAP prior to the initiation of said activities have been taken; (ii) a report, in form and substance satisfactory to the World Bank, on the status of compliance with the requirements of said RAP has been prepared and furnished to the World Bank; and (iii) the World Bank has confirmed that said activities may be commenced.
4. The Recipient shall ensure that:
 - (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the World Bank's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects; and
 - (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws.
5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the World Bank: (a) monitor the status of compliance with the Safeguard Instruments; and (b) prepare and furnish to the World Bank, as part of each Project Report, a report on the results of such monitoring activities during the period covered by said Project Report, giving details of: (i) measures taken in furtherance of such Safeguard Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and (iii) remedial measures taken or required to be taken to address such conditions.
6. The Recipient shall afford the World Bank a reasonable opportunity to review the reports prepared under paragraph 5 of this Part E, and thereafter shall carry out with due diligence all remedial measures agreed with the World Bank so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.

7. In the event of a conflict between the provisions of any of the Safeguard Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

F. Sub-grants

1. The Recipient shall provide Sub-grants for financing Sub-projects under Part 3(c) of the Project in accordance with the eligibility criteria (including negative checklist of excluded activities), approval and administration arrangements set out in the Project Implementation Manual.
2. Without limitation upon the foregoing, the Recipient shall make each Sub-grant under a Sub-grant Agreement with the respective Farmers' Group in accordance with the Project Implementation Manual and under terms and conditions acceptable by the World Bank, which shall include, *inter alia*:
 - (a) a description of the eligible Sub-project activities and expenditures to be financed out of the proceeds of the respective Sub-grant and the amount of the Sub-grant which shall be denominated in Dollars;
 - (b) the obligations of the respective Farmers' Group to:
 - (i) carry out the Sub-project in accordance with the approved work plan and budget in respect of such Sub-project;
 - (ii) carry out the Sub-project with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices, including in accordance with the provisions of the Project Implementation Manual and the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient;
 - (iii) provide, promptly as needed, the resources required for the purpose;
 - (iv) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of Section III of this Schedule;
 - (v) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-project and the achievement of its objectives;

- (vi) ensure compliance with the environmental and social safeguard requirements set forth in this Agreement, including those provided in the Safeguard Instruments;
 - (vii) (1) maintain a financial management system and prepare financial records in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the World Bank's or the Recipient's request, have such financial records audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the records as so audited to the Recipient and the World Bank;
 - (viii) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and
 - (ix) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.
- (c) the right of the Recipient to suspend or terminate the right of the Farmer's Group to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Farmers' Group's failure to perform any of its obligations under the Sub-grant Agreement.
3. The Recipient shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

G. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 6 of the Project ("Emergency Response Part"), the Recipient shall:
- (a) prepare and furnish to the World Bank for its review and approval, a Contingent Emergency Response Implementation Plan ("CERIP"), or Contingent Emergency Response Implementation Plans ("CERIPs"), as the case may be, for each Eligible Crisis or Emergency, which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating

- and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the ESMF, and/or the relevant Safeguards Instruments to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;
- (b) afford the World Bank a reasonable opportunity to review the proposed CERIP(s);
 - (c) promptly adopt the CERIP(s) for the Emergency Response Part as shall have been accepted by the World Bank;
 - (d) ensure that the Emergency Response Part is carried out in accordance with the CERIP(s); provided, however, that in the event of any inconsistency between the provisions of the CERIP(s) and this Agreement, the provisions of this Agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the CERIP(s) without prior written approval by the World Bank.
2. The Recipient ensure that no activities under the Emergency Response Part shall commence unless and until the following conditions have been met in respect of said activities:
- (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the World Bank a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the World Bank has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) the Recipient has ensured the preparation and disclosure of all Safeguard Instruments required for said activities, in accordance with the ESMF, the World Bank has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

2. Mid-term Review

The Recipient shall: (a) not later than June 30, 2019 (or such other date as the World Bank may agree), carry out a mid-term review of the Project and, prepare and furnish to the World Bank a mid-term report, in such detail as the World Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the World Bank such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the World Bank's views on the matter.

3. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The first audit of the Financial Statements shall cover the period from the date of the countersignature of this Agreement to December 31 2017; and subsequent audits

shall cover the period of one (1) fiscal year of the Recipient beginning on January 1, 2018. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Procurement Guidelines"), in the case of goods, works, and non-consulting services, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").
 2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
- #### **B. Particular Methods of Procurement of Goods, Works, and Non-consulting Services**
1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
 2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for

those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in Schedule 3 to this Agreement; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of the Food and Agriculture Organization of the United Nations; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
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(1) Goods, works, non-consulting services, consultants' services, Training, Operating Costs, and Sub-Grants	19,845,000	100% of the amount disbursed for the Sub-Grants; and 100% of all other Eligible Expenditures
(2) DLI Expenditures under Part 3(a) of the Project	1,155,000	100%
(3) Emergency Expenditures under Part 6 of the Project	0	100%
TOTAL AMOUNT	21,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US\$100,000 equivalent may be made for payments made prior to this date but on or after September 1, 2016, for Eligible Expenditures under Category (1); or
 - (b) for DLI Expenditures under Category (2) until and unless the Recipient shall have: (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the Association of the applicable statements of expenditure evidencing the incurrence of eligible DLI Expenditures during the respective DLI Period for which payment is requested; and (ii) furnished evidence satisfactory to the Association, in accordance with the verification protocol set out in the Project Implementation Manual, that the DLI Target for the respective DLI Period for which payment is requested has been achieved; or
 - (c) under Category (3) for Emergency Expenditures unless and until the Recipient has: (i) declared that an Eligible Crisis or Emergency has occurred, and the World Bank has agreed in writing to such determination; and (ii) complied with all requirements set forth in Section I.G of this Schedule 2.
2. Withdrawals under Category (2) shall not exceed the lesser of: (a) the DLI Value allocated to each DLI achieved during the respective DLI Period; and (b) the

amount of DLI Expenditures incurred but not paid by the proceeds of the Grant as of the DLI Period for which payment is requested.

3. Notwithstanding the provisions of Parts A and B.1 of this Section, and subject to Part B.2 of this Section, the amount of the Grant to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in Schedule 4.
4. Notwithstanding the provisions of Part B.1 (b) of this Section, if the Association shall determine, based on the evidence furnished by the Recipient under paragraph 1 of this Part B, that any DLI Target has not been achieved by its DLI Target Achievement Date, the Association may in its sole discretion, by notice to the Recipient: (a) withhold in whole or in part the amount of the Grant allocated to such DLI Target; (b) reallocate in whole or in part any withheld amount of the Grant allocated to such DLI Target to other Category or Categories, or to additional DLI(s) that the World Bank may agree with the Recipient at a later time; and/or (c) cancel in whole or in part any withheld amount of the Grant allocated to such DLI Target.
5. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2022.

SCHEDULE 3 Conditions for Use of National Competitive Bidding Procedure

The procedure to be followed for contracts for goods and works financed under the Project and procured according to National Competitive Bidding (NCB) procedures shall be those set forth in the provisions on competitive bidding in the Recipient's Decree-Law n.10/2005 of the Procurement Legal Regime (PLR), and other applicable laws of the Recipient, with modifications set forth below in order to ensure economy, efficiency and transparency and broad consistency with the provisions of the Procurement Guidelines.

1. Eligibility

The eligibility of bidders shall be as defined under Section I of the World Bank's Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for contracts financed by the World Bank for reasons other than the ones provided by Section I of the Guidelines.

2. Bidders Participation

No eligibility restrictions based on nationality of bidder or origin of goods shall apply; therefore, foreign bidders shall be allowed to participate in NCB without restriction.

No limitations shall be imposed on any bidder as to the number of tenders in which he may participate during a given period of time.

Prior registration, obtaining a license or an agreement shall not be a requirement for any bidder to participate in bidding procedures.

3. Advertising, Time for Bid Preparation

Potential bidders shall be allowed adequate time to prepare bids which should not be less than thirty (30) days, except for commodities and small goods contracts.

4. Standard Bidding Documents

Standard Bidding Documents, acceptable to the World Bank, should be used.

5. Bid Security

Bid security shall not be required for all procurement and shall be capped to a reasonable percentage of the amount of the contract in order not to hinder competition; when required, it shall be in the form of a bank guarantee from a reputable bank.

6. Qualification Criteria and Evaluation Criteria

Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid.

7. Bid Opening, Evaluation and Award of Contract

Bids shall be opened immediately after the stipulated deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened.

(a) Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; Merit points shall not be used in bid evaluation.

(b) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.

(c) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(d) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the World Bank's prior concurrence.

8. Preferences

No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

9. Rejection of All Bids and Re-bidding

All bids shall not be rejected or new bids solicited without the World Bank's prior written concurrence.

10. Publication of the Award of Contract

Publication of the contract award should include: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid; (d) name of bidders whose bids were rejected; and (e) name of the winning bidder; upon request, the Recipient shall inform unsuccessful bidders of the reasons of their rejection.

11. Complaints by Bidders and Handling of Complaints

The Recipient shall establish an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

12. Fraud and Corruption

The World Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank.

13. Right to Inspect/Audit

Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers and contractors to permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the World Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

SCHEDULE 4

Disbursement Linked Indicators with DLI Targets and DLI Values

Disbursement Linked Indicators with DLI Targets and DLI Values						
DLIs	DLI Period 1: Date of countersignature of this Agreement – Dec 31 2017	DLI Period 2: Jan 1 2018 – Dec 31 2018	DLI Period 3: Jan 1 2019 – Dec 31 2019	DLI Period 4: Jan 1 2020 – Dec 31 2020	DLI Period 5: Jan 1 2021 – Dec 31 2021	DLI Period 6: Jan 1 2022 – Closing Date
DLI 1: Storage and post-harvest loss technologies delivered to smallholder farmers per annum.		DLI Target: 80% or more of 1650 identified farmers DLI Value: USD346,500	DLI Target: 80% or more of 2750 identified farmers DLI Value: USD577,500	DLI Target: 80% or more of 1100 identified farmers DLI Value: USD231,000		

APPENDIX

Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "Category" means the category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
4. "Contingent Emergency Response Implementation Plan" and "CERIP" each means the plan referred to in Section I.G.1 of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part in accordance with the provisions of said Section.
5. "DLIs" or "Disbursement Linked Indicators" means, collectively, the disbursement-linked targets set forth in Schedule 4, and to be accomplished as provided for in Section IV.B.1 of Schedule 2 to this Agreement; and the acronym "DLI" means individually, any one of such targets.
6. "DLI Expenditures" means reasonable costs of Recurrent Costs required for Part 3(a) of the Project.
7. "DLI Period" means the period set forth in Schedule 4, during which each DLI Target is set to be achieved.
8. "DLI Target" means the target specified Schedule 4 set to be achieved under the applicable DLI during the respective DLI Period.
9. "DLI Target Achievement Date" means, with regard to each DLI Target, the end of the DLI Period during which the relevant DLI Target is set to be achieved as set forth in the table in Schedule 4.
10. "DLI Value" means the amount of the Grant allocated in Schedule 4 to each respective DLI Target, or such other amount as the World Bank may establish from time to time by notice to the Recipient.
11. "Displaced Persons" means persons who, on account of the involuntary taking of land and other assets under the Project resulting in a direct economic and social adverse impact, whether or not said Displaced Persons must physically relocate,

had or would have their: (i) standard of living adversely affected, whether or not the Displaced Persons must move to another location; (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently, adversely affected; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Displaced Person” means any of the Displaced Persons.

12. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
13. “Emergency Expenditure” means any of the eligible expenditures set forth in the CERIP in accordance with the provisions of Section I.G. of Schedule 2 to this Agreement, and required for the Emergency Response Part.
14. “Environmental Management Plan” means a plan, to be prepared or caused to be prepared by the Recipient and to be agreed with the World Bank in accordance with the ESMF, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of Project activities, offset them, reduce them, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan; and “Environmental Management Plans” means more than one such plan.
15. “Environmental and Social Management Framework” or “ESMF” means the framework dated March 8, 2016, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental and social impacts of Project activities implemented in the second and subsequent years of Project implementation, offset them, reduce them, or enhance positive impacts, as well as guidelines and procedures for the preparation and disclosure of Environmental Management Plans, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such framework.
16. “Farmers’ Group” means a group of smallholder farmers classified and assessed in accordance with the criteria described in the Project Implementation Manual.
17. “Independent Verifier” means the verification consultants described in Section II.D of Schedule II to this Agreement.
18. “Land Acquisition and Resettlement Policy Framework” or “LARPF” means the framework, dated March 8, 2016, setting out: reporting and grievance redress

procedures; mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project; compensation, resettlement, and rehabilitation of Displaced Persons; guidelines and procedures for the preparation of Resettlement Action Plans, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such framework.

19. "Ministry of Agriculture and Fisheries" or "MAF" means the Recipient's Ministry of Agriculture and Fisheries, or any successor thereto.
20. "Municipality Implementation Unit" means a municipality implementation unit within a MAF local municipal office, as described in in Section I.A.5 of Schedule 2 to this Agreement.
21. "Operating Costs" means the reasonable costs of the following incremental expenditures incurred by the PMU, Watershed Management Councils, and Municipal Implementation Units in carrying out the Project, which shall have been agreed with the World Bank, including: (a) vehicle operation and maintenance; (b) office administration costs; (c) communications charges, insurance costs and banking, utility and rental charges; (d) bank charges; (e) advertising costs; and (f) travel and *per diem* for PMU and MIU staff for travel linked to the implementation of the Project; but excluding salaries, bonuses, fees and honoraria of members of the Recipient's civil service.
22. "Output Verification Report" means a report prepared in accordance with the provisions of the Project Implementation Manual by the Independent Verifier, certifying the number and quality of maize storage and processing equipment units delivered under a Results-based Contract.
23. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
24. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 2, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. "Project Implementation Manual" means the Recipient's implementation manual described in Section 1.B of Schedule II to this Agreement, as the same may be amended or supplemented from time to time with the prior written agreement of the World Bank.

26. "Recurrent Costs" means the reasonable costs of salaries, as defined in the Recipient's IV Government Decree-Law no. 27-2008 of 11 August 2008 titled 'Regime for Management and Leadership Careers and Offices in the Public Administration', as amended to the date of this Agreement for MAF staff connected with the carrying out of Part 3(a) of the Project and for MAF extension staff, and other reasonable costs for MAF extension staff.
27. "Resettlement Action Plan" or "RAP" means a plan prepared by the Recipient and agreed with the World Bank pursuant to Section I.E.3 of Schedule 2 to this Agreement, setting out: reporting and grievance redress procedures; mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project; compensation, resettlement, and rehabilitation of Displaced Persons; prepared in accordance with the provisions of the Land Acquisition and Resettlement Policy Framework, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such plan.
28. "Safeguards Instruments" means, collectively, the Environmental and Social Management Framework, the Land Acquisition and Resettlement Policy Framework, and any Environmental Management Plans and any Resettlement Action Plans.
29. "Standard Conditions" means the World Bank's Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012.
30. "Sub-grant" means a portion of the proceeds of the Grant to be made available to a Farmers' Group in accordance with Section I.F of Schedule 2 to this Agreement, the Project Operations Manual, and the beneficiaries' participation framework detailed in the ESMF.
31. "Sub-grant Agreement" means an agreement to be entered into between the Recipient and the respective Farmers' Group for the purposes of implementing and financing a Sub-project; and "Sub-grant Agreements" means collectively, all such Sub-grant Agreements.
32. "Sub-project" means a set of specific activities under Part 3(c) of the Project to be carried out by a respective Farmers' Group utilizing the proceeds of a Sub-grant; and the term "Sub-project" means, collectively, all such Sub-projects.
33. "Training" means the reasonable costs, which shall have been agreed by the World Bank, associated with the training and workshop participation of personnel involved in carrying out the Project, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities,

preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation; but excluding goods and consulting services, and salaries, bonuses, fees and honoraria of members of the Recipient's civil service.

34. "Watershed Management Council" or "WSMC", means an existing council responsible for, and any new council to be formed under Part 1(a) of the Project to be responsible for, agriculture development and environmental protection planning within their respective rural communities.