OFFICIAL DOCUMENTS

CREDIT NUMBER 5933- ZM

Financing Agreement

(Agribusiness and Trade Project)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 29th MAY, 2017
FINANCING AGREEMENT

AGREEMENT dated 24th MAY, 2017, entered into between the REPUBLIC OF ZAMBIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent twenty-nine million two hundred thousand Special Drawing Rights (SDR 29,200,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Commerce, Trade and Industry in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient has adopted a Project Implementation Manual acceptable to the Association.

4.02. The Effectiveness Deadline is the date ninety days (90) days after the date of this Agreement.

4.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its minister responsible for finance.

5.02. The Recipient’s Address is:

Ministry of Finance  
P.O. Box 50062  
Chimanga Road  
Lusaka, Republic of Zambia

Telex: 42221  
Facsimile: (+260 211) 253494/251078
5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at ________________, ________________, as of the day and year first above written.

REPUBLIC OF ZAMBIA

By:

[Signature]

Authorized Representative

Name: Hon. Felix C. Mubaili

Title: Honorable Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: Mark M. Luethi

Title: Country Manager for Zambia
SCHEDULE 1

Project Description

The objective of the Project is to contribute to increased market linkages, and firm growth in agribusiness.

The Project consists of the following parts:

Part 1: Market Linkages in Agribusiness

(a) Support the integration of small-scale, emerging farmers into value chains by improving their capacity to finance and execute productivity enhancing investments and respond to the requirements of the main end-markets and major buyers through Productive Alliances, which includes, *inter alia*:

(i) Provision of Matching Grants to Producer Organizations for carrying out Productive Alliance Subprojects.

(ii) Provision of support to facilitate, and build capacity in POs and other Productive Alliance stakeholders in their participation in Productive Alliances.

(iii) Carry out selective investments in “last-mile” connective infrastructure (including access or market infrastructure) to facilitate Productive Alliance Subprojects.

(b) Support sustainable integration of agribusiness entrepreneurship and SMEs into value chains with established end-markets and large buyers through, *inter alia*:

*Market Connect*

(i) Provision of tailored support to growth-oriented SMEs to prepare them to supply corporate and public buyers at larger scales.

*Business Linkage Fund*

(ii) Provision of Matching Grants to SMEs for carrying out Agribusiness Subprojects.

Part 2: Strengthening the Regulatory and Institutional Framework for Agribusiness and Trade

(a) Carry out programs of specific activities aimed at strengthening the regulatory and institutional framework for agribusiness and trade, including:
(i) improving the institutional capacity of the Recipient’s Business Regulatory Review Agency to incorporate regulatory assessment in policy and legislative making processes;

(ii) strengthening the institutional capacity of the Recipient’s Competition and Consumer Protection Commission to advance its research, advocacy and enforcement functions with focus on markets linked to agribusiness value chains; and

(ii) improve the institutional efficiency and effectiveness of national quality policies relating to agribusiness and trade, especially implementation of the related statutory instruments that streamline the roles and responsibilities of line agencies.

(b) Promote trade facilitation through, *inter alia*:

(i) development of a national logistics strategy; and

(ii) provision of support for the implementation of the national quality policies, including construction and equipping of a regional office of the Recipient’s Bureau of Standards, scaling up of the Recipient’s Global Food Safety Initiative Program to provide recognized training, consulting and auditing services in food safety management systems; and provision of support for annual national standards award competition for large companies and SMEs to encourage excellence in standards.

**Part 3: Project Management, Monitoring and Evaluation**

Support Project management, monitoring and evaluation through, *inter alia*, financing of technical assistance, Training, Operating Costs and other costs associated with Project coordination, management and implementation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

*Ministry of Commerce, Trade and Industry*

1. The Recipient shall designate the Ministry of Commerce, Trade and Industry (MCTI) with the responsibility for overall coordination and implementation of the Project.

*Project Implementation Unit*

2. Within one (1) month from the Effective Date, the Recipient shall establish, and thereafter maintain throughout Project implementation, a Project Implementation Unit within MCTI, with terms of reference, staffing (with qualifications, experience, and terms of reference satisfactory to the Association) and other resources satisfactory to the Association and responsible for overseeing day-to-day implementation of Project activities, including fiduciary management, monitoring and evaluation, and reporting.

*Project Steering Committee*

3. Within three (3) months from the Effective Date, the Recipient shall establish, and thereafter maintain throughout Project implementation, a Project Steering Committee with composition and terms of reference satisfactory to the Association and with adequate resources to carry out its responsibilities under the Project, including to: (a) oversee overall implementation of the Project; (b) provide policy guidance for Project implementation; (c) ensure inter-agency coordination for Project implementation; and (d) review and approve annual work plans and budgets.

*Technical Working Group*

4. Within three (3) months from the Effective Date, the Recipient shall establish, and thereafter maintain throughout Project implementation, a Technical Working Group, with composition and terms of reference satisfactory to the Association and with adequate resources to carry out its responsibilities under the Project, including to oversee the technical aspects of Project implementation.
B. Implementation Arrangements

Project Implementation Manual

1. The Recipient shall:

   (a) (i) prepare, and adopt in accordance with Section 4.01 of this Agreement, a Project Implementation Manual ("PIM"), acceptable to the Association and containing detailed guidelines and procedures for the implementation of the Project, including: administration and coordination; monitoring and evaluation; financial, procurement and accounting procedures; social and environmental safeguards; corruption and fraud mitigation measures; roles and responsibilities of various agencies in the implementation of Project, the selection and eligibility criteria for Subprojects and POs and SMEs and the funding conditions that have to be met in order for POs and SMEs to qualify for Matching Grants; the procedure and criteria for selecting investments (including economic and technical feasibility, ownership and environmental and social risks and impacts on the surrounding community) for Subprojects, and such other arrangements and procedures as shall be required for the effective implementation of the Project; and (ii) thereafter carry out the Project in accordance with such Project Implementation Manual as shall have been approved by the Association; and

   (b) except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the PIM.

2. In case of conflict between the provisions of the PIM and this Agreement, the provisions of this Agreement shall prevail.

Annual Work Plan and Budget

3. The Recipient shall, not later than September 30 of each year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

4. The Recipient shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association.
C. **Anti-Corruption**

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

D. **Safeguards**

1. The Recipient shall carry out the Project in accordance with the provisions of the Environmental and Social Management Framework ("ESMF") and the Resettlement Policy Framework ("RPF").

2. If any Supplemental Social and Environmental Safeguards Instrument is required under any of the Safeguards Instruments, the Recipient shall:
   
   (a) prepare (i) such Supplemental Social and Environmental Safeguards Instrument in accordance with the applicable Safeguards Instrument; (ii) furnish such Supplemental Social and Environmental Safeguards Instrument to the Association for review and approval; and (iii) thereafter adopt such Supplemental Social and Environmental Safeguards Instrument prior to implementation of the activities; and
   
   (b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguards Instrument.

3. The Recipient shall ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association’s environmental and social safeguard policies and the Recipient’s own laws relating to the environment and social aspects.

4. If any activity under the Project would involve Affected Persons, the Recipient shall: (a) ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguards Instrument prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented; and (b) provide from its own resources, any financing required for any measures under sub-paragraph (a) above including any costs associated with land acquisition required for the Project.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall for each of the Safeguards Instruments including the related
Supplemental Social and Environmental Safeguards Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with such Safeguards Instrument including the related Supplemental Social and Environmental Safeguards Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including the Supplemental Social and Environmental Safeguards Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including the Supplemental Social and Environmental Safeguards Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

E. Productive Alliance Subprojects (under Part 1(a)(i) of the Project) and Agribusiness Subprojects (under Part 1(b)(ii) of the Project)

1. For the purposes of carrying out Parts 1(a)(i) and 1(b)(ii) of the Project, the Recipient shall:

(a) select a PO and SME, as the case may be, and a Subproject, all in accordance with the criteria, conditions and procedures set out in the Project Implementation Manual;

(b) after having selected a PO or SME, as the case may be, and the relevant Subproject as provided above, enter into an agreement with the relevant PO or SME, as the case may be, ("Subproject Agreement"), under terms and conditions approved by the Association and included in the PIM, for the provision of the corresponding Matching Grant for the implementation of said Subproject. Without limitation to the provisions in this sub-paragraph (b), the terms and conditions approved by the Association for Subproject Agreement shall include the right of the Recipient to:

(i) suspend or terminate the right of the PO or SME, as the case may be, to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the failure of the PO or SME, as the case may be, to perform any of its obligations under the relevant Subproject Agreement; and

(ii) require each PO or SME, as the case may be, to:

(A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial and
managerial standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) carry out the Subproject in accordance with the provisions of the Safeguards Instruments; (C) provide, promptly as needed, the resources required for the purpose of the Subproject; (D) procure the goods, works, non-consultant services and consultants' services to be financed out of the Matching Grant in accordance with the provisions of this Agreement; (E) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (F)(1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (G) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; (H) each SME to pay to the Recipient an amount equal to a percentage of its growth in sales ("Royalty Payment"), which percentage is to be determined as set out the PIM; and (I) prepare and furnish to the Recipient and the Association all such further information as the Recipient or the Association may reasonably request; and

(d) exercise its rights and carry out its obligations under each Subproject Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive, terminate or fail to enforce any Subproject Agreement or any provision thereof.

2. The Recipient shall:

(a) collect Royalty Payment from each SME concerned and use the Royalty Payments to provide Matching Grants and business development services to SMEs; and
(b) within thirty-six (36) months from the Effective Date, discuss and agree with the Association on a plan of action for the continued use of the Royalty Payments beyond the Closing Date.

F. Financing under Part 2(a) of the Project based on Disbursement-linked Indicators

1. The Recipient shall:

   (a) implement Part 2(a) of the Project in accordance with the institutional, safeguards, financial management and procurement arrangements set out in this Schedule 2 to the Agreement;

   (b) throughout the period of implementation of the Project as necessary, carry out verification to determine whether the DLIs have been met as detailed in the PIM;

   (c) furnish said assessment to the Association for its review; and

   (d) for purposes of carrying out each such verification, engage not later than three (3) months from the Effective Date, in accordance with the provisions of Section III of this Schedule 2, the independent verification agent, under terms of reference, qualifications and experience satisfactory to the Association.

2. (a) The amount of payments which the Recipient may request for DLI-based financing under Part 2(a) of the Project shall be determined on the basis of the maximum amount allocated by the Association to each DLI, subject to the provisions of Section IV of this Schedule 2, provided that such amount shall not exceed the total amount of Payment for Eligible Expenditures incurred during the year covered by the DLI-based financing payment requested, excluding any amount of eligible expenditures financed from other sources of financing.

   (b) Notwithstanding the provision of sub-paragraph (a) of this sub-section 2, all payments under the DLI-based financing shall be subject to the Association's prior written approval and shall only be eligible for financing out of the proceeds of the Financing if and to the extent approved by Association in accordance with the provisions of Section IV of this Schedule 2.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association and set out in the Project Implementation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall ensure and cause the Project Implementing Entity to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall ensure and cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-Consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding <em>(subject to the additional provisions set out in paragraph 3 below)</em></td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Force Account</td>
</tr>
<tr>
<td>(e) Procurement from UN Agencies</td>
</tr>
<tr>
<td>(f) Community Participation procedures which have been found acceptable to the Association.</td>
</tr>
</tbody>
</table>

3. Additional Provisions and Modifications to National Competitive Bidding

The procurement procedure to be followed for National Competitive Bidding (“NCB”) shall be the open bidding procedure set forth in the Public Procurement Act, 2008, Act No.12 of 2008, as amended by the Public Procurement (Amendment) Act, 2011, Act No. 15 of 2011 (the “PPA”), and the Public Procurement Regulations, 2011, Statutory Instrument No. 63 of 2011 (the “Regulations”); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III, and Appendix I.
of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011 (Revised July 2014) (the “Procurement Guidelines”), and the additional provisions in the following paragraphs:

(a) **Eligibility:** Eligibility to participate in a procurement process and to be awarded an Association-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. No restriction based on nationality of bidders and/or origin of goods shall apply, and foreign bidders shall be allowed to participate in NCB without application of restrictive conditions, such as, but not limited to, mandatory partnering or subcontracting with national entities.

(b) **Domestic Preference:** No margins of preference of any sort shall be applied in the bid evaluation.

(c) **Bidding Documents:** Procuring entities shall use bidding documents acceptable to the Association.

(d) **Bid validity:** An extension of bid validity, if justified by exceptional circumstances, may be requested in accordance with Appendix 1 of the Procurement Guidelines. A corresponding extension of any bid guarantee shall be required in all cases of extension of bid validity. A bidder may refuse a request for extension of bid validity without forfeiting its bid guarantee.

(e) **Qualification:** Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

(f) Prequalification procedures and documents acceptable to the Association shall be used for large, complex and/or specialized works. Verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with
the bidder's capability with respect to personnel and equipment. Where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-
qualification, applying the qualification criteria stated in the bidding documents.

(g) Bid Evaluation: All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the evaluation criteria or significance of price in bid evaluation. No negotiations shall be permitted.

(h) Guarantees: Guarantees shall be in the format, shall have the period of validity and shall be submitted when and as specified in the bidding documents.

(i) Cost Estimates: Detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.

(j) Rejection of bids and re-bidding: No bid shall be rejected solely because it falls outside of a predetermined price range or exceeds the estimated cost. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.

(k) Fraud and corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

(l) Inspection and audit rights: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.

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 table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(d) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

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

**Section IV. Withdrawal of the Proceeds of the Credit**

A. **General**

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Credit (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Matching Grants for Productive Alliance Subprojects (under Part 1(a)(i) of the Project) and Agribusiness Subprojects (under Part 1(b)(ii) of the Project)</td>
<td>11,225,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, Training, Operating Costs, non-consulting services and consultants' services under Parts 1(a)(ii), 1(a)(iii) and 1(b)(i) of the Project</td>
<td>9,485,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Payments for Eligible Expenditures Program under Part 2(a) of the Project</td>
<td>2,560,000</td>
<td>100% of Amount of Financing allocated to DLIs as set forth in the table in the Annex to this Schedule 2</td>
</tr>
<tr>
<td>(4) Goods, works, Training, Operating Costs, non-consulting services and consultants' services under Part 2(b) of the Project</td>
<td>3,220,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works, Training, Operating Costs, non-consulting services and consultants' services under Part 3 of the Project</td>
<td>2,270,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Refund of Preparation Advance</td>
<td>440,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>29,200,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

   (a) payments under DLIs 1.1 and 2.1 made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed SDR 440,000 may be made for payments made prior to this date but on or after February 15, 2016, for Payments for Eligible Expenditures Program under Category (3) and provided that the conditions set forth in sub-paragraph (b) below are satisfied; or

   (b) under Category (3), unless and until the Recipient has furnished evidence satisfactory to the Association that: (i) Payments for Eligible Expenditures Program have been made in accordance, and in compliance, with the procedures set forth in the Borrower’s applicable laws and regulations and the PIM; and (ii) the DLIs set forth in the Annex to this Schedule 2 for which payment is requested have been met and verified in accordance with the PIM.

2. Notwithstanding the provisions of Part A of this Section, payments under Category (3) shall not exceed the maximum amounts allocated to the respective DLI(s) as provided in the Annex to this Schedule 2.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Part B, if the Association shall determine, based on the evidence provided by the Recipient under paragraph 1 of this Part B, that any DLI(s) have not been achieved or have been partially achieved by the end of the year during which such DLI(s) were scheduled to be met in accordance with the Annex to this Schedule 2, the Association may in its sole discretion, by notice to the Recipient:

   (a) withhold in whole or in part the amount of the Financing allocated to such DLI(s);

   (b) disburse in whole or in part the amount of the Financing allocated to such DLI(s) at any later time when such DLI(s) are met; and/or

   (c) reallocate in whole or in part any amount of the Financing allocated to such DLI(s) to other DLI(s) under Category (3) or to other Categories.

4. Notwithstanding the foregoing, if the Association determines, at any time, that any portion of the amounts disbursed by the Recipient under Category (3) was made for reimbursement of expenditures that are not eligible under the Payments for Eligible Expenditures Program or not in compliance with the provisions of paragraphs 1(b) and 2 of Section IV.B of this Schedule, the Recipient shall promptly refund any
such amount to the Association as the Association shall specify by notice to the Association.

5. The Closing Date is June 30, 2022.
ANNEX TO SCHEDULE 2

Disbursement Linked Indicators under Part 2(a) of the Project

<table>
<thead>
<tr>
<th>Disbursement Linked Indicator (DLI)</th>
<th>Action to be Completed (and indicative date of achievement)</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Total Amount of Financing for DLI (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI # 1: Business Regulatory Review Act Implementation and Agency Support Enhanced</td>
<td>DLI# 1.1: Annual budget for the financing of the action plan, and policy and capacity updates required to implement the Business Regulatory Review Act is included in 2017 government budget and approved by Parliament (December 2016)</td>
<td>73,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLI# 1.2: A time-bound, fully costed 3-year action plan for regulatory impact assessments with targets is completed and approved by BRRA Board (December 2017)</td>
<td>73,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLI# 1.3: Annual budget for the financing of the action plan, and policy and capacity updates required to implement the Business Regulatory Review Act is included in 2018 government budget and approved by Parliament (December 2017)</td>
<td>73,000</td>
<td>438,000</td>
</tr>
<tr>
<td></td>
<td>DLI# 1.4: Annual budget for the financing of the action plan, and policy and capacity updates required to implement the Business Regulatory Review Act is included in 2019 government budget and approved by Parliament (December 2018)</td>
<td>73,000</td>
<td></td>
</tr>
<tr>
<td>DLI# 2: Competition and Consumer Protection Act Implementation and Commission Support Strengthened</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **DLI# 1.5:** One round of regulatory impact assessments completed by BRRA and approved by BRRA Board  
 *(December 2017)* | 73,000 |
| **DLI# 1.6:** An additional round of regulatory impact assessments completed by BRRA and approved by BRRA Board  
 *(December 2018)* | 73,000 |

| **DLI# 2.1:** An action plan for review of competition issues for a sub-set of agribusiness value chains completed and approved by CCPC Board.  
 *(December 2016)* | 360,000 |

| **DLI# 2.2:** Annual report on defined agreements between CCPC and other public and private sector bodies on the adoption of recommendations from the competition review of key and prioritized agribusiness value chains approved by CCPC Board  
 *(December 2017)* | 732,000 |

| **DLI# 2.3:** Annual report on defined agreements between CCPC and other public and private sector bodies on the adoption of recommendations from the competition review of key and prioritized agribusiness value chains approved by CCPC Board  
 *(December 2018)* | 186,000 |

<table>
<thead>
<tr>
<th>DLI# 3: National Quality Infrastructure Policy Implementation Improved</th>
</tr>
</thead>
</table>
| **DLI# 3.1:** Action plan on standardization and quality assurance support to agri-business micro, small and medium enterprises approved by the Board of the Bureau of Standards  
 *(December 2017)* | 1,390,000 |
| **DLI# 3.2:** Annual report on implementation of the Bureau of Standards  
 *(December 2018)* | 220,000 |
<table>
<thead>
<tr>
<th>DLI# 3.2: Four (4) Bills on metrology, standards and compulsory standards approved by Parliament <em>(December 2017)</em></th>
<th>220,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI# 3.3: Organizational structures for the new NQI Agencies are developed by MCTI and approved by Parliament <em>(December 2017)</em></td>
<td>220,000</td>
</tr>
<tr>
<td>DLI# 3.4: Budgets of the new NQI Agencies are included in the government budget and approved by Parliament <em>(December 2018)</em></td>
<td>730,000</td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT of Credit Allocated to Category (3):** 2,560,000
SCHEDULE 3
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2022, to and including November 15, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing May 15, 2032, to and including November 15, 2041</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

2. "Agribusiness Subproject" means any eligible productive investment aimed at supporting an agribusiness SME's expansion and/or upgrading of their business, including, inter alia: (a) upgrading to meet standards requirements, (b) financing for one-time fixed investment (equipment) to improve quality and/or productivity; and (c) alternative energy solutions, and approved by the Recipient in accordance with relevant provisions of the PIM and to be carried out by an SME.


4. "Basis Adjustment to the Interest Charge" means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

5. "BRRA" means the Recipient's Business Regulatory Review Agency established pursuant to the Business Regulatory Act (No. 3 of 2014) and responsible for, inter alia, serving as the secretariat to the Business Regulatory Committee and coordinating and overseeing implementation of action plans designed by said Committee.

6. "Beneficiary" means a community group that meets the eligibility criteria and conditions specified in the PIM for receiving Subproject Grant and to which or for whose benefit a Subproject Grant is made or proposed to be made.

7. "Category" means a category set forth in the table in Section III of Schedule 2 to this Agreement.

8. "CCPC" means the Recipient’s Competition and Consumer Protection Commission established pursuant to the Competition and Consumer Protection
Act (No. 24 of 2010) and responsible, in general, for safeguarding and promotion of market competition and protection of consumers against unfair trade practices.


10. “Disbursement-linked Indicators” and “DLIs” mean, collectively, the disbursement linked targets set forth in the column entitled “Disbursement-linked Indicator (DLI)” in the table in the Annex to Schedule 2 to this Agreement; and “Disbursement-linked Indicator” and “DLI” mean, individually, any of such targets.

11. “Environmental and Social Management Plan” and “ESMP” mean a plan prepared and adopted by Recipient, as provided in the ESMF setting out appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts under the Project, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association.

12. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient and disclosed in-country on October 18, 2016, and in Bank’s Infoshop on October 18, 2016, setting out the modalities to be followed in assessing the potential adverse environmental and social impacts of Project activities (including pest management), and the measures to be taken to offset, reduce or mitigate such adverse impacts; as well as for the preparation of environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.

13. “Fiscal Year” means each fiscal year of the Recipient commencing on January 1 and ending on December 31.

14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

15. “Matching Grant” means a grant made out of the proceeds of the Financing to a selected PO (for Productive Alliance Subprojects) or a selected SME (for Agribusiness Subprojects), for the partial financing of the cost of the pertinent Subproject, subject to the specific terms and conditions set forth in the PIM and in the relevant Subproject Agreement.

17. "National Quality Infrastructure Agencies" means collectively the Recipient’s Bureau of Standards, the Recipient’s Weights and Measures Agency and other national quality infrastructure agencies established under the Ministry of Commerce, Trade and Industry.


19. "Operating Costs" means the reasonable incremental expenses incurred by the Recipient (including by PIU) as well as by Provincial Productive Alliances Advisory Committees and approved by the Association attributable to Project (including Subprojects) implementation, management and monitoring, including costs relating to: office supplies and consumables, stationery and sundries, maintenance of office equipment, communication, advertising, office rentals, utility costs, operation and maintenance of office vehicles, per diem and travel costs for Project staff, reasonable bank charges, allowances and salaries of Project staff (but excluding the salaries of the Recipient’s civil servants).

20. "Payments for Eligible Expenditures Program" means payments of salaries of staff of BRRA, CCPC, and National Quality Infrastructure Agencies incurred by the Borrower out of its budgetary allocations.

21. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 25, 2016, and on behalf of the Recipient on October 25, 2016.


23. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated November 1, 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.

24. "Producer Organization" or “PO” means any producer-based organization vested with legal personality and/or any group of small holder producers organized into a legally established entity, which, upon meeting the criteria set forth in the Operational Manual, is eligible to receive a Matching Grant, for the carrying out of a Productive Alliance Subproject.

25. "Productive Alliance" means any alliance between a Producer Organization and a buyer, which specifies product characteristics, quantity to be produced/bought,
delivery modalities and price determination criteria, and which forms the basis for the formulation of a Productive Alliance Subproject.

26. "Provincial Productive Alliances Advisory Committees" means the committees to be established at the provincial level and in accordance with the PIM to assist with respect to Productive Alliances, the following: enhance outreach, ensure local-level ownership and provide guidance and feedback for Subproject implementation.

27. "Productive Alliance Subproject" means any eligible productive and market-oriented new investment aimed at supporting POs to comply with market requirements, including, inter alia:
   (a) construction of on-farm infrastructure, such as processing plants, warehouses, fixed capital, and buildings; (b) provision and utilization of inputs, equipment and tools; (c) provision of technical assistance and training, but excluding land purchase land and repayment of existing debts, all identified and prioritized by PO and buyers in the relevant Productive Alliance business plan, and approved by the Recipient in accordance with relevant provisions of the PIM and to be carried out by a PO.

28. "Project Implementation Manual" or "PIM" means the manual acceptable to the Association to be prepared under Section B.1(a) of Schedule 2 to this Agreement and to be adopted by the Recipient as referred to in Section 4.01 of this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

29. "Project Implementation Unit" or "PIU" means the unit to be established and maintained by the Recipient as provided in Section I.A.2 of Schedule 2 to this Agreement.

30. "Resettlement Action Plan" and "RAP" mean the plan approved by the Association for the Project, prepared by the Recipient on the basis of the RPF as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

31. "Resettlement Policy Framework" and "RPF" mean a document in form and substance acceptable to the Association, and disclosed in-country on October 12, 2016, and in the Bank’s Infoshop on October 6, 2016, which sets out the modalities to be followed by the Recipient in assessing the potential adverse social impacts related to involuntary resettlement under the Project, and the measures to be taken to offset, reduce or mitigate such adverse impacts, as well as for the preparation of resettlement actions plans, as said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.
32. “Royalty Payment” means the amount, based on the growth in sales, that each SME carrying out an Agribusiness Subproject has to pay to the Recipient and referred to in Sections I.E.1(b)(ii)(H) and I.E.2 of Schedule 2 to this Agreement.

33. “Safeguards Instruments” means the ESMF, the RPF and any Supplemental Social and Environmental Safeguards Instruments.

34. “Subproject” means any Productive Alliance Subproject and/or Agribusiness Subproject.

35. “Subproject Agreement” means each agreement to be entered into between the Recipient and a PO (for Productive Alliance Subprojects) or an SME (for Agribusiness Subprojects), as the case may be, as specified in Section I.E.1 of Schedule 2 to this Agreement.

36. “SME” means a small or medium agribusiness enterprise as defined and determined in accordance with the PIM.

37. “Supplemental Social and Environmental Safeguards Instruments” means any ESMP, RAP, pest management plan, or other supplemental social and environmental safeguards instruments as required under the terms of the ESMF or RPF.

38. “Training” means the costs of training under the Project, based on the annual work plans and budgets referred to in Section I.B of Schedule 2 to this Agreement as approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

   “Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months."
(b) **Interest Charge.** The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the subsequent paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02(a).