SWISS GRANT NUMBER TF013074

Swiss Grant Agreement

(Index Based Livestock Insurance Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of funds provided by the Government of the Swiss Confederation

Dated September 5, 2012
SWISS GRANT AGREEMENT

AGREEMENT dated September 5, 2012, entered into between: MONGOLIA ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of funds provided by the Government of the Swiss Confederation, for the purpose of providing additional grant financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard 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 Standard Conditions, in the Original Swiss Grant Agreement, 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 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 four hundred eighty one thousand two hundred ninety one United States Dollars (U.S.$481,291) ("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 abovementioned trust fund for which the World Bank receives periodic contributions from the donor 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 donor under the abovementioned 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 its Minister of Finance.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
Government Building 2 Coralis D  
S. Dangangyn Gedang 5/1  
Ulaanbaatar, 15160  
Mongolia  

Facsimile:  
(976-11) 32-02-47

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

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

Cable: INDEVAS  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
AGREED at Ulaanbaatar, Mongolia, as of the day and year first above written.

MONGOLIA

By

Authorized Representative

Name: Ch. ULAAN
Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of funds provided by the Government of the Swiss Confederation

By

Authorized Representative

Name: Mara Warwick
Title: Acting Country Director, Mongolia
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to ascertain the viability of the Index Based Livestock Insurance Program in Mongolia to reduce the impact of livestock mortality for herders' livelihood.

The Project consists of Parts A, C, D and E of the Original Project, modified to read as follows:

Part 1: Part A of the Original Project (Index-Based Livestock Insurance Program)

Carrying out of a performance review and refinement of the Index-Based Livestock Insurance Program, including for group-based insurance.

Part 2: Part C of the Original Project (Institutional Capacity Building)

(i) Enhancement of the capacity of the Recipient’s agencies including the National Statistics Office to assess and develop alternative cost-effective methods for livestock data collection.

(ii) Development of the necessary legal framework for the sustainability and prospective replication of the pilot Index-Based Livestock Insurance Program on a nation-wide scale, including enhancement of the capacity of the Recipient’s related supervisory agencies and the provision of technical assistance.

(iii) Design of a nationwide scale-up of the pilot Index-Based Livestock Insurance Program, including the assessment of the fiscal and economic implications thereof, and potentials for linkages with other pastoral risk management initiatives.

Part 3: Part D of the Original Project (Monitoring and Data Collection)

Design and carrying out of impact assessment surveys to evaluate: (i) the socio-economic consequences of the Index-Based Livestock Insurance Program; and (ii) the efficacy of the promotion and public awareness activities carried out under Part B of the Original Project.

Part 4: Part E of the Original Project (Project Management Support)

Strengthening of the institutional capacity of the Project Implementation Unit for the implementation of the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Project Management; Project Implementation Manual; Budget Planning; Indigenous Peoples Planning Framework

The Project management arrangements, the arrangements pertaining to the Project Implementation Manual, the budget planning arrangements, and the arrangements pertaining to the Indigenous Peoples Planning Framework described in Sections I.A, I.B, I.D and I.F respectively of Schedule 2 to the Original Swiss Grant Agreement are hereby incorporated by reference in this Section I.A and shall apply, mutatis mutandis, to the Project, provided, however, that the procurement of services shall be in accordance with the provisions of Section III of this Schedule 2.

B. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; 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 paragraphs 8 and 9 of Schedule 4 to the Amended and Restated Development Credit Agreement and on the basis of the indicators set forth in Schedule 6 to the Amended and Restated Development Credit Agreement.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions and subparagraph 9(d) of Schedule 4 to the Amended and Restated Development Credit Agreement.

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 by not later than February 15 and August 15 of each year, covering the preceding calendar semester (i.e. July to

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December and January to June, respectively), 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. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. 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. Consultant Guidelines. All 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) Sections I and IV of the 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.

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, III, IV and V of the Consultant Guidelines, as the case may be.

B. 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; (d) Single-source Selection of consulting firms; (e) Selection of Individual Consultants; and (f) 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services and Training and Workshops under Parts 1, 2, 3 and 4 of the Project</td>
<td>481,291</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>481,291</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 payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2013.
APPENDIX

Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “Original Project” means the Project described in the Original Swiss Grant Agreement.

5. “Original Swiss Grant Agreement” means the Amended and Restated Swiss Grant Agreement for an Index Based Livestock Insurance Project between the Recipient and the World Bank, dated April 29, 2010, as amended to the date of this Agreement (Swiss Grant No. TF094002-MN).

6. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 25, 2012 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.


8. “Training and Workshops” means expenditures (other than those for consultants’ services) to finance the reasonable cost of training, the services of trainers, meeting rooms, training materials, publications, travel costs, per diem allowances for trainees, workshops, and study tours under Part 2 of the Project and as agreed with the World Bank.