Grant Agreement

(for the Additional Financing of Institutional Development and Agriculture Strengthening Project)

between

MONTENEGRO

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as Administrator of the European Commission for the European Union Instrument for Pre-Accession Trust Fund

Dated

December 24, 2015
AGREEMENT dated December 24, 2015, entered into between:
MONTENEGRO ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as Administrator of the European Commission for the European Union Instrument for Pre-Accession Trust Fund (EC IPA TF) funds provided by the European Commission ("Donor"), for the purpose of providing additional financing for activities related to the Original Project.

The Recipient and the World Bank hereby agree as follows:

**Article I**
**Standard Conditions; Definitions**


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 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, through MARD, 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 million seven hundred twenty-three thousand eight hundred and six Euro (EUR 4,723,806) ("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**
**Effectiveness; Termination**

4.01. The following events are specified as additional conditions to the effectiveness of this Agreement, namely that the POM has been updated by the Recipient, through MARD, in a manner acceptable to the World Bank.

**Article V**
**Recipient’s Representative; Addresses**

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

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

Ministry of Finance
Stanka Dragojevica 2
81000 Podgorica
Montenegro

Facsimile:
382 20 224 450

5.03. 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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Podgorica, December 30, 2015, as of the day and year first above written.

MONTENEGRO

By

Authorized Representative

Name: RADOJE ĐUGIĆ
Title: MINISTER OF FINANCE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as Administrator of the EC IPA Trust Fund

By

Authorized Representative

Name: TATJANA PROSLAVIĆ
Title: Country Manager
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve the delivery of government assistance for sustainable agriculture and rural development in a manner consistent with the EU's pre-accession requirements; (ii) increase the experience of Montenegrin authorities in administering rural development grants in accordance with EU-IPARD core rules, and (iii) support a selected number of Agricultural Holdings and Food Establishments in upgrading towards EU standards.

The Project consists of the following parts included in the Original Project:

Component 1: Implementation of a grant scheme based on core IPARD rules

(a) Implementing a grant scheme, based on IPARD rules, to strengthen the Directorate for Rural Development and the Directorate for IPARD Payments at the MARD through the carrying out of, *inter alia*, the following activities: (i) drafting the GOM; (ii) preparing and issuing calls for applications; (iii) selecting applications; (iv) signing of grant contracts between MARD and the final beneficiaries; (v) authorizing and controlling commitments and payments; (vi) carrying out on-the-spot checks; (vii) accounting for commitments and payments; and (viii) monitoring and evaluation of the implementation of the grants investments.

(b) Strengthening the capacity of MARD and the government’s Technical Bodies through the implementation of procedures introduced in the accreditation package.

(c) Implementing a grievance redress and complaints mechanism building on the existing MIDAS procedures.

Component 2: Technical assistance to support implementation and monitoring

(a) Supporting the implementation and monitoring of the grant scheme under Component 1 through, *inter alia*: (i) implementing a monitoring support system to measure results achieved by the grant scheme; (ii) providing support to the Sector Monitoring Committee for Rural Development responsible for implementation of the monitoring arrangements, including the monitoring indicators; and (iii) enhancing knowledge and capacity in implementing the tasks foreseen under the future IPARD for the relevant staff of MARD’s Directorates for Rural Development and for IPARD Payments, as well as of Technical Bodies, Advisory Services and members of the Sector Monitoring Committee, in particular through financing, *inter alia*, technical assistance (including training and study tours) and equipment.

(b) (i) carrying out of a baseline survey in the first year of Project implementation and a final survey; (ii) carrying out public awareness of the project including dissemination of promotional material; (iii) providing support for the coordination, fiduciary requirements, monitoring and implementation of...
environmental and social safeguards, carrying audits of grant beneficiaries; and (iv) providing operational support for the implementation of the project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional and Implementation Arrangements

1. The Project shall be implemented by MARD with the assistance of the Technical Service Unit, in accordance with the guidelines and procedures set forth in: (i) the POM; and (ii) the GOM.

2. The Recipient, through MARD, shall: (i) be responsible for Project management, including procurement, financial management, disbursements, monitoring and evaluation and reporting arrangements; and (ii) ensure compliance of all Project activities with the ESMF.

3. The Recipient, through MARD, shall maintain the Technical Service Unit at all times during Project implementation with professional staff in adequate numbers and with terms of reference, qualifications and functions acceptable to the World Bank. The Technical Service Unit shall be responsible for procurement, disbursement, financial management activities under the Project in accordance with requirements, criteria, organizational arrangements and operational procedures set forth in this Agreement, the POM, the GOM and the MOU.

4. By not later than sixty (60) days from the Effectiveness Date, the Recipient, through MARD, shall update the GOM, in a manner acceptable to the World Bank.

5. The Recipient, through MARD, shall maintain the Sector Monitoring Committee at all times during Project implementation with a composition and functions (including the responsibility for coordinating and exchanging views on operational progress and information regarding the implementation of the Project activities and for implementing monitoring arrangements) acceptable to the World Bank.

B. Subprojects

1. Upon selection of any given Subproject under Component 1 of the Project, and prior to the carrying out of said Subproject, the Recipient, through MARD, shall enter into a separate agreement with a Beneficiary responsible for carrying out said Subproject, under terms and conditions acceptable to the World Bank (the “Subgrant Agreement”), which shall provide, inter alia, the Beneficiary’s obligations to carry out the operation, management and maintenance of the Subproject in accordance with the terms and requirements of this Agreement, the GOM, the Anti-Corruption Guidelines, and the ESMF (including any related safeguards documents as needed) and the Recipient’s obligation, through MARD, to transfer parts of the proceeds of the Grant to the Beneficiary for the implementation of the Subprojects.

2. Without limitation to the provisions of paragraph B.1 of this Section, the Recipient, through MARD, shall be entitled to suspend in whole or in part the portion of the
Grant allocated to finance a given Subproject in case the Beneficiary has failed to comply with any of its obligations under the corresponding Sub-grant Agreement and/or terminate the Sub-grant Agreement (as the case may be).

3. The Recipient, through MARD, shall exercise its rights and carry out its obligations under each of the Sub-grant Agreements, 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, terminate, abrogate, waive or fail to enforce any of the Sub-grant Agreements or any provision thereof.

4. The Recipient, through MARD, shall ensure that no Grant proceeds are used to finance: (i) any new irrigation systems or extension of existing irrigation systems; and (ii) any agri-processing or other activities which could result in increased contamination of international water bodies.

C. Safeguards

1. The Recipient, through MARD, shall ensure that the Project is carried out in accordance with the provisions of the ESMF and, unless the World Bank otherwise agrees, shall not contravene, amend, repeal or waive the ESMF or any provision thereof.

D. 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”).

E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven (7) years and six (6) months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments
thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

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 the 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 forty-five (45) days after the end of the period covered by such report.

2. 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. In order to assist the Recipient in preparing the Completion Report, the Recipient may employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section III of this Schedule.

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. 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. **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:


   (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 and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the requirements set forth in the Attachment A to this Agreement; (b) Shopping; (c) Commercial Practices which have been found acceptable to the World Bank; (d) Community Participation procedures which have been found acceptable to the World Bank; and (e) 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) Selection under a Fixed Budget; (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 Euro)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-grants under Component 1 of the Project</td>
<td>3,900,000</td>
<td>75%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs under Component 2 of the Project</td>
<td>823,806</td>
<td>72.44%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,723,806</td>
<td></td>
</tr>
</tbody>
</table>

3. For the purposes of this table:
(a) the term “Operating Costs” means the incremental expenses incurred on account of the Project, related to communication and office supplies, management, monitoring and evaluation, which may include costs of translation and interpretation, communication, printing and publications, supplies, local travel costs and field trip expenses (including per diem), bank charges, and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the Bank; and

(b) the term “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.

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; or

   (b) under Category 1 of the Project until and unless: (i) the Recipient, through MARD, shall have updated the GOM in a manner acceptable to the World Bank; and (ii) the respective Sub-grant Agreement referred to in Section I.B.1 of Schedule 2 to this Agreement, acceptable to the World Bank, shall have been duly executed.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2018.
ATTACHMENT A

Additional Provisions for National Competitive Bidding

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Guidelines, National Competitive Bidding shall be subject to the following additional procedures:

(i) **Registration**: (a) bidding shall not be restricted to pre-registered firms; (b) where registration is required, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

(ii) **Eligibility**: foreign bidders shall not be precluded from bidding, and no preference of any kind shall be given to national bidders.

(iii) **Procedures**: “Open procedures” shall be followed in all cases. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, allowing a minimum of thirty (30) days for the preparation and submission of bids.

(iv) **Pre-qualification**: when pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents.

(v) **Participation by government-owned enterprises**: government-owned enterprises in Montenegro shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the government. Such enterprises shall be subject to the same bid and performance security requirements as other bidders.

(vi) **Bidding documents**: procuring entities shall use the appropriate standard bidding documents for the procurement of works which shall contain draft contract and conditions of contract, satisfactory to the Bank.

(vii) **Submission of bids**: bidders may, at their option, deliver bids either in person, by courier service, or by mail at any time prior to the deadline set the submission of bids.

(viii) **Bid opening and bid evaluation**: bids shall be opened in public and, if two envelopes are submitted for technical and price components, both shall be opened simultaneously. The time for the bid opening shall be the
same as for the deadline for receipt of bids or immediately thereafter, and shall be announced, together with the place for bid opening, in the solicitation documents. Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents. Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without the prior approval of the Bank. Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid. Negotiations shall not be allowed with the lowest evaluated bidder or any other bidder.

(ix) **Price adjustment**: civil works contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause.

(x) **Rejection of bids**: all bids shall not be rejected and new bids solicited without the Bank’s prior concurrence.

(xi) **Contracts**: all contracts shall be in writing, signed and stamped by authorized signatories of the purchaser and the supplier, and shall contain identical terms and conditions of contract to those included in the tender documents.

(xii) **Securities**: bid securities shall not exceed two percent (2%) of the estimated cost of the contract; performance securities shall not exceed ten percent (10%). No advance payments shall be made to contractors without a suitable advance payment security. The wording of all such securities shall be included into the bidding documents and be acceptable to the Bank.

(xiii) **Right to inspect and audit**: Each contract financed out of the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(xiv) **Fraud and Corruption**: The Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the 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 Group.
APPENDIX

Definitions:

1. “Agricultural Holdings” means any production unit, individually managed, involved in primary agricultural productions either as a main or secondary business activity.

2. “Beneficiary” means a recipient of Sub-grant under Component 1 of the Project, and includes private agricultural holdings, producer organizations, small and medium sized enterprises, NGOs and tourist associations, all selected in accordance with criteria and procedures set forth in the Grants Operational Manual, and “Beneficiaries” means all of such Beneficiaries.

3. “Environmental and Social Management Framework” or “ESMF” means the assessment prepared in connection with the MIDAS and dated June 17, 2008, as updated and re-disclosed on June 24, 2014, adopted by the Recipient and satisfactory to the World Bank, consisting of a set of mitigation, monitoring, and institutional measures (including measures for pest management), required for the Project and aimed to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including the measures and information required for the preparation of any site-specific environmental management plans.

4. “European Union Instrument for Pre-Accession Assistance for Rural Development” means the financial instrument of the European Community for pre-accession assistance for rural development within the framework of the European Partnerships with the potential candidate countries and the Accession Partnerships of the candidate countries.

5. “Food Establishments” means any establishments handling, preparing or producing food products (but excluding restaurants and food retailers) located in the Recipient’s territory.

6. “GOM” means the Grant Operational Manual prepared in connection with the Montenegro EU/IPA Agriculture and Rural Development Institution Building Project (TF072147) and dated December 3, 2014, to be updated by the Recipient pursuant to Section 1.A.4 of Schedule 2 to this Agreement which describes the procedures for the implementation of the grant scheme under Component 1 of the Project, including: (i) adequate procedures and controls relating to eligibility, evaluation, selection, procurement and flow of funds for the grant scheme with a view to ensure use of funds for intended purposes; (ii) the template of the Sub-grant Agreement; (iii) any adequate environmental and social safeguard measures; (iv) details of the IPARD core measures (such as specific activities to be financed); (v) the guidelines for complaints handlings; (vi) the composition and role of the evaluation and complaints commissions; and (vii) disclosure requirements stating that all complaints handling procedures and information shall be posted on the Project website to ensure a full transparency of the process, as such manual may be amended from time to time with the prior written consent of the World Bank.

8. "MARD" means the Recipient’s Ministry of Agriculture and Rural Development or any legal successor thereto.


10. "MOF" means the Recipient’s Ministry of Finance or any legal successor thereto.

11. "MOU" means the Memorandum of Understanding, dated September 3, 2014, between MOF and MARD, satisfactory to the World Bank, defining the roles and obligations of the parties in the implementation of the Original Project, as the same may be amended from time to time with the prior written agreement of the Bank.

12. "Original Project" means the project described in Article 2 of the Loan Agreement entered into between the Recipient and the World Bank under the Institutional Development and Agriculture Strengthening Project (Loan No. 7716-ME), and dated May 27, 2009.

13. "POM" means the Project Operational Manual prepared in connection with the Original Project and dated November 21, 2014, to be updated by the Recipient pursuant to Article 4.01 of this Agreement, which shall include, inter alia: (i) the detailed description of Project implementation activities; (ii) the Project administrative, accounting, auditing, reporting, financial, and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto; (iii) the procedures for the monitoring and evaluation of the Project; (iv) the scope of rural development measures and potential applicants to be supported by the Project; (v) the workplan; and (vi) the performance indicators for the Project, as such manual may be amended from time to time with the prior written consent of the World Bank.

14. "Directorate for IPARD Payments" means MARD’s future IPARD’s paying agency or any legal successor thereto.

15. "Directorate for Rural Development" means MARD’s future managing authority or any legal successor thereto.

16. "Sector Monitoring Committee" means the Sector Monitoring Committee for rural development established by the Recipient on June 4, 2015 through a Decision issued by MARD on the same date, comprising representatives of MARD, the Donor and other stakeholders, referred to in Section I.A.5 of Schedule 2 to this Agreement, or any successor thereto.

17. "Sub-grant" means a grant made or proposed to be made by the Recipient, through MARD, to a Beneficiary to finance, in whole or in part, the carrying out of an
activity under Component 1 of the Project, and “Sub-grants” means all of such grants.

18. “Sub-grant Agreement” means the agreement satisfactory to the World Bank to be entered into between the Recipient, through MARD, and a Beneficiary, such agreement to provide, inter alia, for the responsibility of the Beneficiary in the implementation of Subprojects under Component 1 of the Project, and “Sub-grant Agreements” means all of such agreements.

19. “Subproject” means an activity selected and implemented by a Beneficiary under Component 1 of the Project in accordance with the criteria and procedures set forth in the GOM, and “Subprojects” means all of such activities.

20. “Technical Bodies” means an entity of the Recipient, as defined in the Recipient’s Conclusion No. 06-336/3 of February 21, 2013, including, the Ministry of Sustainable Development and Tourism, the Ministry of Labor and Social Welfare, the Ministry of Health, the Veterinary Administration, the Phytosanitary Administration, the Agency for Environmental Protection, and the Directorate for water and Monteorganica, or any legal successor thereto.

21. “Technical Service Unit” means the unit established within the MOF.