Agreement Providing for the Amendment and Restatement of the Financing Agreement

(Relaunching Agriculture: Strengthening Agriculture Public Services II Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 11, 2012

As amended and restated on June 23, 2017
FINANCING AGREEMENT

AGREEMENT dated January 11, 2012, as amended and restated on June 29, 2017, entered into between REPUBLIC OF HAITI ("Recipient") and 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 grant in an amount equivalent to twenty-five million one hundred thousand Special Drawing Rights (SDR 25,100,000) ("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 Payment Dates are January 1 and July 1 in each year.

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

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out: (i) Parts 1, 2 and 4 of the Project through MARNDR; and (ii) Part 3 of the Project through the Coordinating Authority; all 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 RESEPAG II Grant Agreement has been executed and delivered and all conditions precedent to the effectiveness or to the right of the Recipient to make withdrawals under said agreement (other than the effectiveness of this Agreement) have been fulfilled.

4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Association’s approval of the Grant.

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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister of Economy and Finance.

5.02. The Recipient’s Address is:

Ministère de l’Économie et des Finances
5, Avenue Charles Sumner
Port-au-Prince
Republic of Haiti

Facsimile: (509) 29 21003
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

AGREED at Port-au-Prince, Haiti, as of the day and year first above written.

REPUBLIC OF HAITI
By

Authorized Representative
Name: Jude Aux Patrick Saudon
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION
By

Authorized Representative
Name: Mary A. Barton-Dick
Title: Special Envoy
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) reinforce the capacity of MARNDER to provide or facilitate access to services in the agricultural sector; (b) increase market access to small producers and food security in Selected Areas; (c) improve livelihood in areas affected by Hurricane Matthew and (d) enable the Recipient to respond promptly and effectively to an Eligible Emergency.

The Project consists of the following parts:

Part 1: Agricultural Support Services

Providing consulting services, non-consulting services, goods, training/workshops, operational costs and carrying out works to strengthen MARNDR's capacity to provide and/or facilitate access to agricultural and extension services through, inter alia:

1.1. (a) the design, renovation, construction and initial equipment for an agricultural vocational school; (b) the strengthening of the Agricultural Extension Steering Committee; (c) the preparation and dissemination of an executive summary of the national extension strategy; and (d) the preparation and dissemination of agricultural innovations and good practices based on a diagnostic conducted in the Recipient's territory.

1.2. (a) the gathering, analysis and dissemination of sectoral information, including producer and/or consumer prices in Selected Areas; and (b) the broadcasting of market prices for food products through SMS and community radios, and the display of prices in, inter alia, urban and rural markets, the Directions Départementales Agricoles and the Bureaux Agricoles Communaux.

1.3. the improvement of sanitary and phyto-sanitary services (SPS) to increase the production of quality food, public health, environmental protection and competitiveness of the agriculture sector through:

(a) the design, rehabilitation and/or construction of infrastructure including: (i) the construction and initial equipment of the central administrative building for consolidated SPS and four decentralized technical administrative centers; and (ii) the strengthening of quarantine infrastructure and services, through the construction of three new centers (including the acquisition of equipment and supplies) and the rehabilitation of two supplementary centers to ensure sanitary control of animal and vegetal products for imports and exports;
(b) the provision of support to MARNDR for the development of new regulations and the revision and distribution of SPS standards;

(c) the strengthening of the laboratory system and quality control of food, through: (i) the provision of basic equipment and supplies for decentralized laboratories; (ii) the construction of new infrastructure; and (iii) the training of laboratory technicians;

(d) the strengthening of the animal health through, *inter alia*: (i) the design and delivery of training to private veterinary professionals and/or volunteers in charge of epidemiological surveillance; (ii) vaccination and epidemiological surveillance; (iii) vaccination campaigns and the carrying out of prevalence studies before and after said campaigns to measure their impact; (iv) the identification of livestock for the strengthening of a national livestock identification system; and (v) the design of a database related to the tagging of cattle and the training of agents in charge of tagging animals and providing controls at slaughterhouses; and

(e) the strengthening of the plant health, through, *inter alia*: (i) the carrying out of programs to support the control and the fight against the mango fruit fly and the cochineal; and (ii) the construction of greenhouses to test biological tools to fight diseases.

**Part 2: Direct Support to Producers and Associations**

Providing agricultural support and extension services to producers and association and facilitating their access to such services through:

2.1. the design and implementation of a scheme for improved agriculture services in Selected Areas, including: (a) the scaling up of an electronic farmer registry and service provider registry covering the Selected Areas; (b) the carrying out of a Farmer Subsidy Scheme for Eligible Farmers to adopt improved, environmentally sound, climate smart input and/or higher-income generating agriculture technologies for the production of selected crops; (c) the setting-up of farmer field-schools for producers to improve production techniques; (d) the building of relevant capacity of the Recipient's support service structures, private service providers, extension agents, and MARNDR's staff for an optimal implementation of the Farmer Subsidy Scheme, (e) the carrying out of new or improved irrigation or drainage services in the Selected Areas; (f) the promotion of resilient agriculture technologies by farmers, including agroforestry, creole gardens, mulching, conservation agriculture, multi-cropping, hedging, and water harvesting in Selected Areas; (g) the launching of a Cash-for-Work Program in the Selected Areas; and (h) the carrying out of a Livestock Program in Selected Areas through the provision of small livestock to Eligible Households; all through the provision
of technical assistance, training, the acquisition of goods, services, Operational Costs and the carrying out of works; and

2.2. (a) the establishment and carrying out of a Market Support Facility to provide matching grants to Eligible Organizations to: (i) conduct applied research on agricultural supply chains with export potential, food security potential or environmental/nutritional impact; (ii) strengthen their administration, management, leadership or capacity of groups to increase sales and profits; (iii) provide technical assistance and investment support for production, post-harvest and agribusiness development, focused on improving productivity, quality, value added, and/or reducing production and post-harvest losses; and (iv) provide support to Service Providers in the agriculture sector to have access to better technology and inputs; and (b) the strengthening of the Tables de Concertations and the MARNDR's institutional capacity through, inter alia, the provision of technical assistance, the carrying out of training (including studies, workshops and exchange visits) and the acquisition of equipment.

**Part 3: Emergency Response Contingency**

3.1. Provision of support upon occurrence of an Eligible Emergency.

**Part 4: Institutional Strengthening, Monitoring and Evaluation Project Management and Studies**

4.1. Provision of consulting services, non-consulting services, goods, training/workshops, operational costs and carrying out of works for: (a) the day-to-day management, coordination, monitoring and evaluation of the Project, and compliance with safeguards, gender and nutrition aspects; and (b) the strengthening of MARNDR's units including: (i) the planning and evaluation unit; (ii) the information technology department; (iii) the public procurement unit; and (iv) the financial management unit.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient, through MARNDR, shall maintain at all times during Project implementation, a Coordination Unit with a structure, functions and responsibilities acceptable to the Association, including, inter alia, the responsibility to facilitate the coordination during Project implementation, and reflected in the Operational Manual. The Recipient, through MARNDR, shall ensure that the Coordination Unit is, at all times during Project implementation, led by a Project coordinator and assisted by adequate professional, technical and administrative staff (including procurement, financial management and environmental and social specialists), all operating under terms of reference satisfactory to the Association.

2. The Recipient, through MARNDR, shall, not later than August 31 of each year of Project implementation: (a) submit to the Association, the Annual Plan (which shall include, inter alia, the Recipient’s annual agriculture investment plan and budget) for its prior review and approval for Parts 1, 2 and 4 of the Project; and (b) carry out each Annual Plan in a manner consistent with the terms of this Agreement.

3. The Recipient, through MARNDR, shall ensure that: (a) reviews with respect to the progress in the implementation of the Project and the periodicity therefor as described in the Operational Manual, including the Farmer Subsidy Scheme, the Cash for Work Program, the Livestock Program and the Market Support Facility, are carried out jointly with the Association; and (b) the implementation of the Project is subsequently carried out, taking into account the views and recommendations of the Association in that respect, if any.

B. Operational Manual

1. The Recipient, through MARNDR, shall carry out the Project in accordance with the Operational Manual, satisfactory in form and substance to the Association, which consists of different schedules setting forth, respectively, rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:

(a) the detailed description of all Project activities considered under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
(b) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;

(c) (i) the eligibility criteria for Eligible Farmers to participate in the Farmer Subsidy Scheme; and (ii) the conditions and procedures for receiving Farmer Subsidy Scheme Payments;

(d) (i) the eligibility criteria for Eligible Organizations to participate in the Market Support Facility; and (ii) the conditions and procedures for receiving Sub-grants under the Market Support Facility;

(e) (i) the eligibility criteria for Beneficiaries under the Cash for Work Program; and (ii) the conditions and procedures for receiving payments under said Cash for Work Program;

(f) (i) the eligibility criteria for the Eligible Households under the Livestock Program; and (ii) the conditions and procedures for receiving small livestock under said Livestock Program;

(g) the model form of the Sub-grant Agreement;

(h) the model form for the Cash for Work Agreement;

(i) the model form for the Livestock Agreement;

(j) the Negative List;

(k) the ESMF;

(l) the RPF (once adopted);

(m) the code of conduct; and

(n) the monitoring indicators for the Project.

2. The Recipient shall: (a) maintain the OM throughout Project implementation; (b) take all measures necessary to ensure that the Project is carried out in conformity with the OM; and (c) only amend the OM, from time to time, with the Association's prior consent.

3. In case of a conflict between any provision of the OM and those under this Agreement, the provisions of this Agreement shall prevail.
C. Farmer Subsidy Scheme

For purposes of carrying out the Farmer Subsidy Scheme under Part 2.1 (b) of the Project, the Recipient, through MARNDR, shall:

1. Select and appoint in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference previously agreed with the Association, one or several Operators with whom a Service Agreement shall be entered into, satisfactory to the Association, with respect to the supervision of the technical implementation of the Farmer Subsidy Scheme;

2. (a) Select and appoint, in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference previously agreed with the Association, a Financial Agent acceptable to the Association, to administer all payments and financial transfers under the Farmer Subsidy Scheme; and (b) enter into a Financial Agency Agreement satisfactory to the Association, with one or more Financial Agents, which shall incorporate, inter alia, the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds;

3. Cause the Financial Agent to make Farmer Subsidy Scheme Payments available to Eligible Suppliers of goods, works and services in accordance with detailed provisions, procedures, sequencing and timing in relation thereto, set forth in the Operational Manual, and including, inter alia, the following:

   (a) Farmer Subsidy Scheme Payments shall be released by the Financial Agent and made available to Eligible Suppliers upon evidence of delivery of eligible goods, works or services to Eligible Farmers (after initial validation of their registration in a national farmer registry) by the Operators and the related information received by the Association, in respect of the Selected Areas, all as set forth in the Operational Manual; and

   (b) the validation of compliance by Eligible Farmers of the activities under Part 2.1 (b) of the Project.

4. Carry out independent external technical audits by auditors appointed by MARNDR for that purpose, in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference satisfactory to the Association. Each audit shall cover the period of one fiscal year of the Recipient and shall be furnished to the Association not later than four months after the end of such period;

5. Exercise its rights and carry out its obligations under each Service Agreement and/or Financial Agency Agreement, as applicable, in such manner as to protect the interest 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 amend, assign, abrogate, suspend, terminate, waive or fail to enforce any Service Agreement or Financial Agency Agreement or any of their provisions; and

6. In case of conflict among the provisions of the Service Agreement and Financial Agency Agreement and those under this Agreement, the provisions of this Agreement shall prevail.

D. Cash for Work Program

For the purpose of carrying out the Cash for Work Program under Part 2.1 (g) of the Project, the Recipient, through MARNDR, shall:

1. select and appoint in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference previously agreed with the Association, one or several Operators with whom a Service Agreement shall be entered into, satisfactory to the Association, with respect to the technical supervision of the implementation of Part 2.1 (g) of the Project, and the payments to Beneficiaries under the Cash for Work Program;

2. select under eligibility criteria detailed in the Operational Manual the eligible Beneficiaries under the Cash for Work Program and execute with said selected Beneficiaries and thereafter maintain Cash for Work Agreements, under terms and conditions satisfactory to the Association, as further detailed in the Operational Manual; and

3. exercise its rights and carry out its obligations under each Service Agreement, and/or Cash for Work Agreement as applicable, in such manner as to protect the interest 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 amend, assign, abrogate, suspend, terminate, waive or fail to enforce any Service Agreement or Cash for Work Agreement or any of their provisions.

4. In case of conflict among the provisions of any Service Agreement, or any Cash for Work Agreement and those under this Agreement, the provisions of this Agreement shall prevail.

E. Livestock Program

For the purposes of carrying out the Livestock Program under Part 2.1 (h) of the Project, the Recipient, through MARND, shall:

1. select and appoint in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference previously agreed with the Association, one or several Operators with whom a Service Agreement shall be entered into,
satisfactory to the Association, with respect to the technical supervision and implementation of Part 2.1 (h) of the Project, and the provision of small livestock to Eligible Household under the Livestock Program;

2. select under eligibility criteria detailed in the Operational Manual the Eligible Households under the Livestock Program and execute with said selected Eligible Households and thereafter maintain Livestock Agreements, under terms and conditions satisfactory to the Association, as further detailed in the Operational Manual; and

3. exercise its rights and carry out its obligations under each Service Agreement, and/or Livestock Agreement as applicable, in such manner as to protect the interest 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 amend, assign, abrogate, suspend, terminate, waive or fail to enforce any Service Agreement or Livestock Agreement or any of their provisions.

4. In case of conflict among the provisions of any Service Agreement, or any Livestock Agreement and those under this Agreement, the provisions of this Agreement shall prevail.

F. Market Support Facility

1. The Recipient, through MARNDR, shall during Project implementation, operate and maintain a Market Support Facility under Part 2.2 of the Project with a structure, functions, responsibilities and staff acceptable to the Association.

2. The Recipient, through MARNDR, shall appoint one or several Operators based on terms of reference acceptable to the Association, to assist Eligible Organizations in the preparation of their proposals. The Recipient shall provide Sub-grants to Eligible Organizations, in accordance with eligibility criteria and procedures satisfactory to the Association and specified in the Operational Manual, which shall include the following:

(a) a pre-screening by the Recipient, through MARNDR, of the eligibility of Eligible Organizations to submit proposals;

(b) the selection of Eligible Organizations submitting Sub-project proposals, based on procedures satisfactory to the Association, which shall include the following:

(i) each potential Eligible Organization shall provide evidence, acceptable to the Association, of its capacity to provide the required counterpart financing of the proposed Sub-project, as set forth in the Operational Manual;
(ii) all potential Eligible Organizations, other than individual farmers, shall be a legally established entity; and

(iii) each potential Eligible Organization shall have written authorization to represent the relevant farmers or farmers groups, as the case may be; and

(c) a review and approval by MSF of the relevant Sub-project proposal, on the basis of a detailed evaluation, pursuant to eligibility criteria and procedures acceptable to the Association, which shall include the following:

(i) unless otherwise agreed by the Association, the amount of the proposed Sub-grant shall be no more than the amount specified in the Operational Manual;

(ii) the Sub-grant shall only finance the purchase of equipment, works, goods, consulting services, non-consulting services and/or Training;

(iii) no Sub-grants shall finance any activity included in the Negative List; and

(iv) the proposed Sub-project shall comply with the provisions of the ESMF.

3. Upon approval of a Sub-project proposal, the Recipient, through MARND, shall make each Sub-grant available to the pertinent Eligible Organization, under a Sub-grant Agreement to be entered into between the Recipient, through MARND, and said Eligible Organization, on terms and conditions satisfactory to the Association, which shall include the following:

(a) the Recipient, through MARND, shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Eligible Organization to use the proceeds of the Sub-grant, or to obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Eligible Organization's failure to perform any of its obligations under the Sub-grant Agreement; and

(ii) require each Eligible Organization to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association,
including in accordance with the provisions of the ESMF and the Anti-Corruption Guidelines applicable to recipient of Grant proceeds other than the Recipient; (B) ensure that the Sub-project does not include any activities mentioned in the Negative List; (C) procure the goods, works, consulting services and non-consulting services to be financed out of the Sub-grant in accordance with the provisions of Section III of Schedule 2 to this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a simplified financial management system and prepare simplified 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 Sub-project; 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; (F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Recipient, through MARNDR, shall exercise its rights and carry out its obligations under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the objective of the Project. Except as the Association shall otherwise agree, the Recipient, through MARNDR, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Sub-grant Agreement or any of its provisions.

G. Eligible Emergency under Part 3 of the Project

1. In an event of an Eligible Emergency, the Recipient, through MARNDR, shall: (a) clearly establish a causal relationship between the relevant Eligible Emergency and the need to withdraw the proceeds of the Financing to be allocated to Category (3) of the table in Section IV of this Schedule; (b) designate the entity to be responsible for coordinating and implementing Part 3 of the Project (“Coordinating Authority”), with terms of reference and resources to be found acceptable to the Association; and (c) prepare and furnish to the Association a list of potential Emergency Recovery and Rehabilitation Subprojects, including a procurement plan and a proposed flow of funds, and the implementation arrangements, all acceptable to the Association.
2. The Recipient shall exchange views with the Association on the proposed Emergency Recovery and Rehabilitation Subprojects, and shall thereafter adopt, and carry out the activities under such list, as agreed with the Association.

3. Prior to implementing the Emergency Recovery and Rehabilitation Subprojects, the Recipient shall carry out all fiduciary, social and environmental assessments required by the Association (under terms of reference satisfactory to the Association and with scope and detail satisfactory to the Association) and prepare and implement all plans required by the Association (under terms of reference satisfactory to the Association and with scope and detail satisfactory to the Association).

4. Notwithstanding the Negative List, an investment activity shall only be included in the pertinent Emergency Recovery and Rehabilitation Subproject if it is initiated in response to an Eligible Emergency.

H. Anti-Corruption

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

I. Safeguards

1. The Recipient, through MARNDR, shall:

   (a) no later than six months after the Effective Date, prepare, consult, adopt and publish the RPF in form and substance satisfactory to the Association; and

   (b) ensure that the Project is carried out in accordance with the ESMF, the RPF and the Pest Management Plan, including the guidelines, rules and procedures defined in said ESMF, RPF or Pest Management Plan. To this end, if an EMP or a RAP is required on the basis of the ESMF or the RPF, the Recipient shall specifically take the following actions, in a manner acceptable to the Association:

       (i) such EMP, or RAP shall be prepared in accordance with the requirements of the ESMF or the RPF, consulted and disclosed locally and furnished to the Association for approval; and

       (ii) the pertinent Project activity shall be carried out in accordance with such EMP, or RAP as approved by the Association.

2. The Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the ESMF, the RPF, the Pest Management Plan, any EMP or any RAP, giving details of:
(a) measures taken in furtherance of the ESMF, the RPF, the Pest Management Plan, any EMP or any RAP;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, the RPF, the Pest Management Plan, any EMP or any RAP; and

(c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the ESMF, the RPF, the Pest Management Plan, any EMP or any RAP.

3. Without limitation to the provisions of Section I.1.1 of this Schedule, the Recipient shall, in a manner satisfactory to the Association, take the following actions:

(a) prior to commencement of any works under the Project:

   (i) prepare, in form and substance satisfactory to the Association, an EMP (based on the ESMF) and/or a RAP (based on the RPF) if required;

   (ii) thereafter, except as otherwise agreed with the Association, submit the said EMP and/or said RAP (as the case may be), to the Association for review and approval;

   (iii) subsequently, adopt and disclose, in a manner acceptable to the Association, said EMP and/or said RAP (as the case may be); and

   (iv) immediately thereafter, implement said EMP and/or RAP (as the case may be), all in accordance with their terms and in a manner acceptable to the Association; and

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

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 as set up in the Operational Manual. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than forty-five 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. The Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty-five days after the end of each fiscal quarter, interim unaudited financial reports for the Project covering said quarter, in form and substance satisfactory to the Association.

3. The Recipient shall 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

B. Notwithstanding any provision to the contrary in this Section, Eligible Emergency Expenditures required for Part 3 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the procurement plan for the Eligible Emergency.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 Financing (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
## Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Parts 2 and 4 of the Project</td>
<td>4,712,675</td>
<td>Pro memoriam</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Parts 1, 2 and 4 of the Project (except for Parts 2.1 (b), and 2.2 of the Project)</td>
<td>9,333,795</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consulting services and Operation Costs under Part 3 of the Project</td>
<td>553,530</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, consulting services, Training and Operating Costs for the:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Farmer Subsidy Scheme Payments under Part 2.1 (b) and;</td>
<td>4,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Sub-Grants under the Market Support Facility under Part 2.2 of the Project</td>
<td>6,250,000</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT**

|                                                          | 25,100,000 |

**B. Withdrawal Conditions; Withdrawal Period**

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

   (a) for payments under Category (1);

   (b) for payments made prior to the date of this Agreement; or

   (c) under Category (3) unless the Recipient has provided a letter to the Association including: (i) evidence, satisfactory to the Association, that an
Eligible Emergency has occurred; (ii) legal evidence, satisfactory to the Association, of the declaration of an Eligible Emergency; (iii) designation of, terms of reference for, and resources to be allocated to, the entity to be responsible for coordinating and implementing Part 3 of the Project ("Coordinating Authority"); (iv) a list of the goods, works, consulting services and Operating Costs proposed to be financed under Category (3) of the Project to address the needs of the Eligible Emergency (including a procurement plan) acceptable to the Association; (v) the estimated flow of funds needs; and (vi) the assessments and plans that the Association may require under Section I.G.3 of Schedule 2 to this Agreement.

2. The Closing Date is December 31, 2019.
SCHEDULE 3

List of Prohibited Activities under Parts 2 and 3 of the Project

1. Dam construction, reconstruction, rehabilitation or strengthening.

2. Activities affecting natural protected areas recognized as national or municipal areas (or buffer zones thereof), other than as required to mitigate damage caused by the Eligible Emergency.

3. Land clearance and leveling (when affecting critical natural habitats and natural land contours, natural habitats for this purpose being those water or land areas where most of the original plant and animal species are present), except for clearing or debris resulting from the Eligible Emergency.

4. Land reclamation (i.e., drainage of wetlands or filing of water bodies to create land).

5. Hazardous waste management and disposal, as well as manufacture, transport and use of pesticides classified as Pesticides Class I (highly toxic) and other hazardous and/or toxic materials (except small amounts of solvents, degreasing materials, paints, fuels and the like used during construction). However, Pesticides Class II (medium toxicity) and Pesticides Class III (very low toxicity and not toxic to non-target organisms) may be purchased by the Recipient under the conditions defined in the project's Environmental Safeguards Instruments (the ESMF and the Pest Management Plan (PMP)), including the guidelines, rules and procedures defined in the said ESMF and PMP documents.

6. Activities involving industrial plants (large-scale) and industrial estates.

7. New road construction or major upgrading or realignment of roads (major means: changing the road category, such as from seasonal to all-weather or secondary to primary; or adding new lanes).

8. Activities which involve:

   (i) (A) any river, canal, lake or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Association members or not; (B) any tributary or other body of surface water that is a component of any waterway described in (A) immediately above; and (C) any bay, gulf, strait or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states and any river flowing into such waters;
(ii) hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial and similar projects that involve the use or potential pollution of international waterways as described in paragraph (i) immediately above; and

(iii) detailed design and engineering studies of projects under paragraph (ii) immediately above, including those to be carried out by the Association as an executing agency or in any other capacity.

9. Activities of any type classifiable as category A for environmental purposes pursuant to Association’s Safeguard Policy relating to Environmental Assessment (OP 4.01).

10. Conversion or degradation of critical natural habitats as defined in Annex A of the Association’s Safeguard Policy relating to Natural Habitats (OP 4.04).

11. Transfer of ownership.

12. Financing of debts and liabilities.
APPENDIX

Definitions

1. “Agricultural Extension Steering Committee” means Commission transitoire pour la vulgarisation agricole, the Recipient’s task force for the formulation and monitoring of the MARNDR's strategy on extension services established and operating within the MARNDR.

2. “Annual Plan” means the Recipient’s plan including the annual agriculture investment plan and budget referred in Section I.A.2 of Schedule 2 to this Agreement.


5. “Beneficiaries” means any person or persons eligible under the Cash for Work Program to receive a Cash for Work Payment.

6. “Bureaux Agricoles Communaux” means MARNDR's local agricultural support offices.

7. “Cash for Work Agreement” means any of the agreements referred to in Section I.D.2 of Schedule 2 to this Agreement.

8. “Cash for Work Payment” means an amount withdrawn from the proceeds of the Financing to eligible Beneficiaries under the Cash for Work Program.

9. “Cash for Work Program” means the incentive-based payment mechanism under Part 2.1 (g) of the Project, to support eligible Beneficiaries who meet the eligibility criteria set forth in the Operational Manual.

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

11. “Coordination Unit” means the Project coordination unit established and operating within MARNDR and referred to in Section I.A.1 of Schedule 2 of this Agreement.
12. "Directions Départementales Agricoles" means MARNDR's decentralized offices.

13. "Displaced Person" means a person who, on account of the execution of the Project had or would have been affected by an involuntary taking of land under the Project, which causes said Displaced Person to have his/her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; and “Displaced Persons” means, collectively, all such Displaced Persons.

14. "Eligible Emergency" means the imminent or actual occurrence of a natural or man-made crisis or disaster, which, in the opinion of the Association, has the capacity to cause major adverse economic and/or social impacts in the Recipient's agriculture sector.

15. "Eligible Emergency Expenditures" means the Eligible Expenditures required to finance the cost of the approved goods, works and services necessary under Part 3 of the Project to respond to an Eligible Emergency.

16. "Eligible Farmer" means a farmer operating in any of the Recipient's Selected Areas and registered in a national farmer registry operated and managed by MARNDR.

17. "Eligible Households" means any household who has met the eligibility criteria set forth in the Operational Manual to benefit from the Livestock Program.

18. "Eligible Organization" means an Eligible Farmer, a non-governmental organization, a cooperative and/or a university, or any legal entity acceptable to the Association which meets the criteria set forth in the Operational Manual and in Section I.F.2 of Schedule 2 to this Agreement, to receive a Sub-grant under Part 2.2 of the Project.

19. "Eligible Supplier" means suppliers registered in the National Registry of Agricultural Producers (Registre National des Exploitants Agricoles) developed and maintained by MARNDR for the delivery of goods and services under the Farmer Subsidy Scheme.

20. "Emergency Recovery and Rehabilitation Subproject" means an investment activity under Part 3 of the Project, consisting of a combination of works, goods or technical advisory services, aimed at responding to damage caused by an Eligible Emergency which meets the criteria set forth in Section I.E.4 of Schedule 2 to this Agreement.
21. “Environmental and Social Management Framework” or “ESMF” means the Recipient's updated environmental and social management framework acceptable to the Association (included in the Operational Manual), disclosed in the Recipient's territory on August 4, 2011, and at the Association's Infoshop on August 3, 2011, to be revised and adopted by the Recipient on or before the Effective Date giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, including the Pest Management Plan and the guidelines for protection of natural habitats and forests, as said framework may be amended from time to time with the prior consent of the Association.

22. “Environmental Management Plan” or “EMP” means an environmental management plan prepared, consulted, adopted and published by the Recipient based on the ESMF, found acceptable to the Association, and setting forth the detailed modalities for environmental management under the Project.

23. “Farmer Subsidy Scheme” means the incentive-based grant mechanism under Part 2.1 (b) of the Project to support Eligible Farmers who have met the eligibility criteria set forth in the Operational Manual.

24. “Farmer Subsidy Scheme Payment” means a grant made out of the proceeds of the Financing to Eligible Farmers under the Farmer Subsidy Scheme.

25. “Financial Agent” means the financial entity or entities to administer the Farmer Subsidy Scheme Payments.

26. “Financial Agency Agreement” means the agreement or agreements to be entered into between the Recipient and one or more Financial Agents for the purpose of administering Farmer Subsidy Scheme Payments, referred to in Section I.C.2 of Schedule 2 to this Agreement.


29. “Livestock Agreement” means any of the agreements referred to in Section I.E.2 of Schedule 2 to this Agreement.

30. “Livestock Program” means the Recipient's program under Part 2.1 (h) of the Project to support Eligible Households who have met the eligibility criteria set forth in the Operational Manual.
31. "Market Support Facility or “MSF” means the Recipient’s competitive agriculture innovation and extension market support facility, referred to in Part 2.2 of the Project.

32. "MARNDR” means the Recipient’s Ministry of Agriculture, Natural Resources and Rural Development.

33. "Negative List” means the list, approved by the Association, and included in the Schedule 3 to this Agreement and in the Operational Manual specifying the activities which are not eligible for financing under the Project.

34. "Non-consulting Services” means services not rendered by consultants and not covered under Operating Costs, which can be procured on the basis of performance of measurable physical outputs such as internet service, laboratory equipment repair, translation and notary services for legalization of farmer groups.

35. "Operating Costs” means the incremental expenses incurred on account of Project implementation, including office supplies, vehicle operation and maintenance, insurance costs, office administration costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees, as approved by the Association.

36. "Operational Manual” or “OM” means the manual dated May 20, 2009 as revised on August 11, 2011 for Project implementation as referred to in Section I.B.1 of Schedule 2 to this Agreement, as said manual may be updated or revised from time to time with the agreement of the Association.

37. “Operator” and “Operators” means one or all non-governmental organizations or qualified entities contracted under the Project pursuant to a Service Agreement, acceptable to the Association, to supervise the implementation and the operation of the Farmer Subsidy Scheme (under Part 2.1 (b) of the Project), the Cash for Work Program (under Parts 2.1 (g) of the Project) and the Livestock Program (under Part 2.1(h) of the Project).

38. “Pest Management Plan” means the Recipient’s pest management plan, acceptable to the Association, disclosed in the Recipient’s territory and at the Association’s Infoshop on August 3, 2011, giving details of a program of actions, measures and policies on managing pests in agriculture project areas and activities, as such plan may be amended, updated or revised from time to time with the agreement of the Association.

39. “Pesticide Class I” means pesticide class I, which includes class I(a) (extreme toxicity) and I(b) (very high toxicity) as defined by the World Health Organization
Recommended Classification of Pesticides by Hazard and Guidelines to Classification, 2004.

40. "Pesticide Class II" means pesticide class II (moderate toxicity) as defined by the World Health Organization Recommended Classification of Pesticides by Hazard and Guidelines to Classification, 2004.

41. "Pesticide Class III" means pesticide class III (very low toxicity) as defined by the World Health Organization Recommended Classification of Pesticides by Hazard and Guidelines to Classification, 2004.

42. "Procurement Plan" means the Borrower's procurement plan for the Project, dated May 8, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.


44. "RESEPAG II Grant Agreement" means the Global Agriculture and Food Security Program Grant Agreement for this Project between the Association and the Recipient dated January 11, 2012, as amended.

45. "Resettlement Action Plan" or "RAP" means the Recipient's resettlement action plan, or plans to be adopted by the Recipient based on the RPF, found acceptable to the Association and setting forth the detailed modalities for resettlement and compensation of Displaced Persons under the Project.

46. "Resettlement Policy Framework" or "RPF" means the Recipient's framework found acceptable to the Association, to be prepared, consulted, adopted and published by the Recipient and setting forth the modalities for resettlement and compensation of Displaced Persons, including guidelines for the preparation of any RAP under the Project, as said framework may be amended from time to time with the agreement of the Association.

47. "Selected Areas" means any area of the Recipient's territory affected by Hurricane Matthew or identified in the Annual Plan.

48. "Service Agreement" means the agreements between the Recipient, through MARNDR and each selected Operator under the Farmer Subsidy Scheme, the Cash for Work Program and the Livestock Program.

49. "Services Provider" means a private sector provider in the agricultural sector, acceptable to the Association which meets the criteria set forth in the Operational Manual to receive a Sub-grant under Part 2.2 of the Project.
50. "SMS" means short message service, a text messaging service component of phone, Web, or mobile communication systems.

51. "SPS" means sanitary and phyto-sanitary services.

52. "Sub-grant" means a grant made, or to be made out of the proceeds of the Financing to carry out any given Subproject.

53. "Sub-grant Agreement" means any of the agreements referred to in Section I.F.3 of Schedule 2 to this Agreement.

54. "Subproject" means any of the activities and/or investment under Part 2.2 (a) of the Project.

55. "Tables de Concertation Agricoles Départementales" means agriculture sector coordination bodies at the Recipient’s departmental level, led by the MARNDR, and comprised of private and public sectors, farmer groups, universities, vocational schools, and civil society involved in the provision and demand of agriculture services at the Recipient’s department level.

56. "Training" means expenditures (other than consulting services) for: (i) reasonable travel, room, board and per diem incurred by trainers, training facilitators, and trainees in connection with the training activities under the Project; (ii) course fees; and (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution.