Loan Agreement

(Smallholder Agriculture Development and Commercialization Project)

between

REPUBLIC OF ANGOLA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 30, 2016
AGREEMENT dated September 30, 2016, between REPUBLIC OF ANGOLA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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 — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of seventy million Dollars ($70,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule I to this Agreement ("Project").

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

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(c) of the General Conditions.
2.06. The Payment Dates are April 1 and October 1 each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower 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 Conditions of Effectiveness consist of the following:

(a) The Borrower has adopted a Project Implementation Manual acceptable to the Bank.

(b) The Borrower has recruited a project coordinator, a financial management specialist, and a procurement specialist for the PIU, each with qualifications, experience and terms of reference acceptable to the Bank, and in accordance with the provisions of Section III of Schedule 2 to this Agreement.

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower’s Address is:

Ministério das Finanças
Largo da Mutamba
Luanda, Angola

Facsimile:
+244 222 706 002/3

5.03. The Bank’s Address 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 Luanda, Republic of Angola, as of the day and year first above written.

REPUBLIC OF ANGOLA

By:

[Signature]
H.E. Augusto Archer Mangueira
Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

[Signature]
Clara Ana Coutinho De Sousa
Country Manager for Angola
Africa Region
SCHEDULE 1

Project Description

The objective of the Project is to increase smallholder agriculture productivity, production and marketing for selected crops in the Project areas.

The Project consists of the following parts:

Part A. Capacity Building and Institutional Development

1. Strengthening the capacity of smallholder farmers and farmers’ organizations in critical aspects of agriculture through farmer field schools, including:
   (a) supporting the establishment of smallholder farmers’ organizations;
   (b) strengthening the knowledge of farmers on agricultural practices, technology, inputs and marketing;
   (c) strengthening the functional literacy and numeracy of farmers;
   (d) improving household nutrition;
   (e) improving soil fertility and integrated nutrient management;
   (f) promoting conservation agriculture; and
   (g) building the capacity of relevant government staff at the municipal level to implement a farmer field schools program.

2. (a) Strengthening the institutional capacity of local, provincial, and national units of the Ministry of Agriculture in the areas of irrigation, extension, market information, statistics and policy analysis to improve provision of services to smallholder farmers at the farm level investments; and
   (b) rehabilitating and constructing agricultural extension facilities at the local level of the Ministry of Agriculture, including offices and residential complexes for agricultural extension staff.

3. Strengthening the capacity of agricultural research systems to enhance access to innovations and technologies for increasing farm productivity and production, including:
   (a) supporting the multiplication of seeds and planting material;
   (b) developing technology packages for selected crops;
   (c) improving soil diagnostic services;
   (d) building the technical capacity of the national research and extension system; and
   (e) increased field testing and demonstration of improved technologies.

Part B. Support for Increased Production and Commercialization

1. Providing support in preparing proposals for Subprojects and in implementing selected Subprojects under Part B.2 of the Project.

2. Carrying out Subprojects in Participating Provinces, and providing Matching Grants to Beneficiaries for carrying out said Subprojects, in the following areas:
   (a) rehabilitation and construction of small scale irrigation and drainage schemes;
(b) agricultural production and productivity improvements; and (c) post-harvest management and value addition.

Part C. Project Management, Monitoring and Evaluation

1. (a) Strengthening the capacity of the PIU for Project management, coordination, monitoring and evaluation, including fiduciary (i.e. financial and procurement management), environmental, and social safeguards compliance, audits and reporting support; and

(b) Strengthening the capacity of the PPIUs to assist in Project management, coordination, monitoring and evaluation at the provincial level, including fiduciary (i.e. financial and procurement management), environmental, and social safeguards compliance, and reporting.

2. Establishing and implementing a monitoring and evaluation system for the Project, including establishing a management information system within the PIU.
Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower’s Ministry of Agriculture shall have the overall responsibility for the Project.

2. Project Coordination Committee

   (a) The Borrower, through its Ministry of Agriculture, shall establish, not later than six (6) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, a coordination committee (“Project Coordination Committee” or “PCC”), with a composition, mandate, and resources satisfactory to the Bank, and which shall be chaired by the Minister of Agriculture.

   (b) Without limitation to sub-paragraph (a) immediately above, the PCC shall be responsible for: (i) providing strategic guidance and oversight to ensure prompt and efficient implementation of the Project; (ii) promoting inter-ministerial coordination; and (iii) approving annual work plans and budgets and annual reports prepared by the PIU, all in accordance with the provisions of the Project Implementation Manual.

3. Project Implementation Sub-Committee

   (a) The Borrower shall establish, not later than six (6) months after the Effective Date and thereafter maintain, throughout the implementation of the Project, an implementation sub-committee (“Project Implementation Sub-Committee” or “PISC”) under the PCC, with a composition, mandate, and resources satisfactory to the Bank.

   (b) Without limitation to sub-paragraph (a) immediately above, the PISC shall be responsible for: (i) facilitating Project-related decisions and procedures; (ii) approving Subprojects requiring national level decision-making; and (iii) proposing annual work plans and budgets and submitting annual reports to the PCC, all in accordance with the provisions of the Project Implementation Manual.
4. **Project Implementation Unit**

(a) The Borrower shall establish, not later than six (6) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, a project implementation unit ("Project Implementation Unit" or "PIU") within ADI, with functions, staffing and resources satisfactory to the Bank.

(b) Without limitation to sub-paragraph (a) immediately above, the PIU shall be responsible for day-to-day administration of overall planning, coordination, the technical, fiduciary (i.e. procurement and financial management), environmental and social safeguards compliance, monitoring, evaluation, reporting and communication of the activities under the Project, all in accordance with the provisions of this Agreement and the Project Implementation Manual.

(c) Without limitation to sub-paragraph (b) immediately above, the PIU shall be responsible for requesting the Bank’s prior review of all Subprojects considered to be financed by a Matching Grant that exceeds the amount imposed under Section I.E.2(b) of this Schedule.

5. **Provincial Project Coordination Committees**

(a) The Borrower shall establish, not later than six (6) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, a provincial coordination committee for each of the Participating Provinces ("Provincial Project Coordination Committee" or "PPCC"), with a composition, mandate, and resources satisfactory to the Bank. Each PPCC shall be chaired by the provincial vice-governor responsible for economic development of the corresponding Participating Province.

(b) Without limitation to sub-paragraph (a) immediately above, each PPCC shall be responsible for providing strategic guidance and oversight to ensure prompt and efficient implementation of the Project at the provincial level, in accordance with the provisions of the Project Implementation Manual.

6. **Provincial Project Implementation Sub-Committees**

(a) The Borrower shall establish, not later than six (6) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, a provincial implementation sub-committee for each of the Participating Provinces ("Provincial Project Implementation Sub-
Committee” or “PPISC”) under the corresponding PPCC, with a composition, mandate, and resources satisfactory to the Bank.

(b) Without limitation to sub-paragraph (a) immediately above, each PPISC shall be responsible for: (i) facilitating Project-related decisions and procedures at the provincial level; (ii) approving Subprojects requiring provincial level decision-making; (iii) recommending for approval at the national level Subprojects that require national level decision-making; (iv) approving annual work plans and budgets at the provincial level prepared by the relevant PPIU for submission to the PIU; and (v) approving annual reports at the provincial level prepared by the relevant PPIU for submission to the PIU, all in accordance with the provisions of the Project Implementation Manual.

7. Provincial Project Implementation Units

(a) The Borrower shall establish, not later than six (6) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, a provincial project implementation unit for each of the Participating Provinces (“Provincial Project Implementation Unit” or “PPIU”) within the corresponding provincial offices of ADI, with functions, staffing and resources satisfactory to the Bank.

(b) Without limitation to sub-paragraph (a) immediately above, each PPIU shall assist the PIU in the administration of overall planning, coordination, the technical, fiduciary (i.e. procurement and financial management), environmental and social safeguards compliance, monitoring, evaluation, reporting and communication of the activities under the Project in the corresponding Participating Province, all in accordance with the provisions of this Agreement and the Project Implementation Manual.

(c) The Borrower shall recruit for each PPIU, not later than three (3) months after the Effective Date, a provincial project coordinator, accountant, and monitoring and evaluation specialist, each with qualifications, experience and terms of reference acceptable to the Bank, and in accordance with the provisions of Section III of Schedule 2 to this Agreement.

8. The Borrower shall, not later than six (6) months after the Effective Date:

(a) hire a service provider to assist in the implementation of Part B of the Project, with qualifications, experience and terms of reference acceptable to the Bank, and in accordance with the provisions of Section III of Schedule 2 to this Agreement; and
(b) ensure that a memorandum of understanding for the implementation of Part A.3 of the Project has been executed on behalf of ADI and IIA, in form and substance acceptable to the Bank.

B. Project Implementation Manual

1. The Borrower shall ensure that the Project is implemented in accordance with the provisions of a manual satisfactory to the Bank ("Project Implementation Manual"), which shall include the following provisions: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguards guidelines, including the screening process for proposals for Subprojects; (e) monitoring, evaluation, reporting and communication of Project activities; (f) eligibility criteria and procedures for extending Matching Grants; (g) appraisal and approval processes for proposals for Subprojects, including a negative list of activities that cannot be carried out under Subprojects; (h) model form of the Matching Grant Agreement acceptable to the Bank; and (i) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.

2. The Borrower shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Bank; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plan and Budget

1. The Borrower shall, not later than October 31 of each year, prepare and furnish to the Bank, an Annual Work Plan and Budget containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

2. The Borrower shall afford the Bank a reasonable opportunity to exchange views with the Borrower on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank.

D. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
E. Subprojects and Matching Grants

Eligibility Criteria and Procedures for Provision of Matching Grants

1. The Borrower shall provide Matching Grants to Beneficiaries for purposes of undertaking Subprojects, in accordance with eligibility criteria and procedures acceptable to the Bank and further elaborated in the Project Implementation Manual, which shall include the following:

(a) no proposed Beneficiary shall be eligible to receive a Matching Grant unless the proposed Beneficiary is:

(i) (A) for Subprojects involving small scale irrigation schemes or agricultural production and productivity improvements, a smallholder farmers' group or organization, all the members of which have completed training under a farmer field schools program; or

(B) for Subprojects involving post-harvest management and value addition: (1) a smallholder farmers’ group or organization described in item (A) immediately above, with proven capacity for market-oriented production or value chain activities; or (2) a small rural enterprise established and operating under the laws of the Borrower, with proven capacity for market-oriented production or value chain activities, and with the organization, management, technical capacity and financial resources necessary to carry out a proposed Subproject;

(ii) has prepared a satisfactory business plan, including financing plan and budget, and a satisfactory implementation plan for the proposed Subproject;

(iii) has not previously benefited from a Matching Grant or, if it has benefited from a Matching Grant, it has completed the corresponding Subproject in a manner satisfactory to the Borrower and the Bank; and

(iv) has provided satisfactory evidence of the ability to provide the required Beneficiary's contribution to the financing of its Subproject, as stated in the Project Implementation Manual, out of resources other than the Matching Grant.

(b) no proposed Subproject shall be eligible for financing under a Matching Grant unless the Borrower shall have determined, on the basis of an
appraisal carried out in accordance with guidelines acceptable to the Bank and elaborated in the Project Implementation Manual, that the proposed Subproject:

(i) is technically feasible and economically and financially viable;

(ii) would have positive impacts on market demand for smallholder produce;

(iii) is potentially replicable and scalable for other farmers and farmers' organizations; and

(iv) has fulfilled the requirements of any applicable Safeguards Instrument;

(c) without limitation on the provisions of sub-paragraph (b)(iv) immediately above, if, pursuant to the ESMF and/or RPF, one or more Safeguards Instruments for the Subproject are required, such proposed Subproject shall not be eligible for financing under a Matching Grant until such Safeguards Instruments have been prepared and approved by the Bank in accordance with the provisions of paragraph (d) of this Section I.E.1, and all measures required to be carried out in accordance with Section I.F of this Schedule prior to commencement of the activities covered by the Safeguards Instruments have been carried out; and

(d) each Matching Grant for a Subproject requiring a Safeguards Instrument shall be subject to the Bank's prior written approval and shall only be eligible for financing under the Loan if and to the extent approved by Bank.

Terms and Conditions for Matching Grants

2. The Borrower shall provide each Matching Grant to a Beneficiary under a Matching Grant Agreement with the respective Beneficiary on terms and conditions approved by the Bank, and consistent with the model form of the Matching Grant Agreement in the Project Implementation Manual, which shall include, inter alia, the following:

(a) the Matching Grant shall be made on a non-reimbursable grant basis, subject to the provisions of paragraph (c)(i) below;

(b) the Matching Grant shall not exceed the lesser of: (i) $100,000; and (ii) the total estimated cost of the Subproject minus the amount of the Beneficiary's required contribution as stated in the Project Implementation Manual;
the Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to:

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

(ii) require each Beneficiary to:

(A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with: (1) the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, and (2) the Safeguards Instruments;

(B) provide, promptly as needed, the resources required for the purpose;

(C) procure the goods, works and services to be financed out of the Matching Grant in accordance with the provisions of this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Subproject and the achievement of its objectives;

(E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (2) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;
(F) enable the Borrower and the Bank to inspect the Subproject, its operation and any relevant records and documents; and

(G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

3. The Borrower shall exercise its rights under each Matching Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate or waive any Matching Grant Agreement or any of its provisions.

F. Safeguards

1. The Borrower shall carry out the Project in accordance with the Safeguards Instruments.

2. To this end, the Borrower shall take the following measures:

(a) if any Project activity would, pursuant to the ESMF, require the carrying out of an ESIA, no such activities shall be implemented unless:

   (i) an ESIA for such activity has been: (A) prepared and adequately consulted upon, in accordance with the ESMF and furnished to the Bank for review and approval; (B) disclosed locally as required by the ESMF; and (C) approved by the Bank and publicly disclosed; and

   (ii) if said ESIA would require the preparation of an ESMP, such ESMP has been: (A) prepared and adequately consulted upon, in accordance with such ESIA and furnished to the Bank; (B) disclosed locally as required by the ESMF; and (C) approved by the Bank and publicly disclosed;

(b) if any Project activity would, pursuant to the RPF, require the preparation of a RAP, no such activities shall be implemented unless:

   (i) a RAP for such activities has been: (A) prepared and adequately consulted upon, in accordance with the requirements of the RPF and furnished to the Bank for review and approval; (B) disclosed as required by the RPF; and (C) approved by the Bank and publicly disclosed; and
(ii) (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken, including, without limitation to the above, providing funds for resettlement compensation when and if required under a RAP; (B) a report, in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Bank; and (C) the Bank has confirmed that said activities may be commenced.

3. Without limitation upon its other reporting obligations under this Agreement, the Borrower shall regularly collect, compile and submit to the Bank as part of the Project Reports, in form and substance satisfactory to the Bank, reports on the status of compliance with the Safeguards Instruments, giving details of: (a) measures taken in furtherance of such Safeguards Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Instruments; and (c) remedial measures taken or required to be taken to address such conditions.

4. The Borrower shall afford the Bank a reasonable opportunity to review and exchange views with the Borrower on the reports prepared under paragraph 3 immediately above, and thereafter, shall carry out, or cause to be carried out, with due diligence, all remedial measures agreed with the Bank so as to ensure the proper implementation of the Project in accordance with the Safeguards Instruments.

5. The Borrower shall not amend, suspend, abrogate or waive, or permit to be amended, suspended, abrogated or waived, any Safeguards Instrument, or any provision thereof without the prior written agreement of the Bank.

6. In the event of a conflict between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

7. The Borrower shall ensure that all terms of reference for any technical assistance and studies to be carried out under the Project are prepared in form and substance satisfactory to the Bank and consistent with the Bank's environmental and social safeguards policies.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project
Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than three (3) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

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

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

4. The Borrower shall update, not later than three (3) months after Effective Date, its financial management and accounting system to incorporate the Project.

5. The Borrower shall recruit, not later than six (6) months after the Effective Date, an external auditor with qualifications, experience and terms of reference satisfactory to the Bank, in accordance with the provisions of Section III of Schedule 2 to this Agreement.

C. Mid-Term Review

1. The Borrower shall:

   (a) no later than twenty-four (24) months after the Effective Date, carry out jointly with the Bank a mid-term review of the progress made in carrying out the Project. As part of the midterm review, the Borrower and the Bank shall review a report prepared and submitted by the PIU three (3) months in advance of the mid-term review;

   (b) assess, during the mid-term review, inter alia: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities; and
(c) No later than thirty (30) days after the completion of the mid-term review, start to implement the recommendations of the mid-term review as agreed with the Bank.

Section III. Procurement

A. General

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

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (“NCB”), subject to the additional provisions referred to in paragraph 3 below; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Bank.

3. Additional Provisions for National Competitive Bidding

(a) General. The procedures followed for NCB shall be those set forth in Lei No. 20/10 da Contratação Pública of September 7, 2010 (“Law”) of the
laws of the Borrower, with the modifications described in the following paragraphs.

(b) **Eligibility.** The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines. Bidding shall not be restricted to domestic bidders. No restriction based on nationality of bidders and/or origin of the goods shall apply other than those imposed by primary boycotts as contemplated in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement that will affect their ability to participate in the bidding process such as, but not limited to, the submission of evidence of good standing in terms of taxes paid to the Angolan government and in terms of social security contributions made in Angola.

(c) Prior registration or obtaining a license or authorization shall not be a requirement for any bidder to participate in the bidding process.

(d) Government-owned enterprises or institutions of the Borrower shall be eligible to participate in the bidding process only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Borrower or Sub-Borrower.

(e) **Bidding Documents.** Standard bidding documents acceptable to the Bank shall be used.

(f) **Participation by Joint Ventures.** Participation shall be allowed from joint ventures on condition that such joint venture partners will be jointly and severally liable for their obligations under the Contract.

(g) **Preferences.** No domestic/regional preference, or any other kind of preferential treatment, shall be given for domestic/regional bidders, and/or for domestically/regionally manufactured goods, and/or for domestically/regionally originated related services.

(h) **Applicable Procurement Method.** Subject to these provisions, procurement shall be carried out in accordance with the “Public Competitive Bidding” method (Concurso Público) set forth in the Law.

(i) **Qualification.** Qualification criteria shall entirely concern the bidder’s capability and resources to perform the contract taking into account objective and measurable factors. The qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only
such criteria so specified shall be used to determine whether a bidder is qualified. Qualification criteria shall be assessed on a “pass or fail” basis, and merit points shall not be used. Bidders' qualifications shall be assessed by post-qualification and such an assessment shall be conducted separately from the technical and commercial evaluation of the bids.

(j) **Advertisement.** A shorter version of the advertisement text, including the minimum relevant information, may be published in a national newspaper of wide circulation provided that the full text is simultaneously published in the official gazette *(Diário da República)* or on a widely used website or electronic portal with free national and international access.

(k) **Bid Preparation Time.** Bidders shall be given at least twenty-eight (28) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.

(l) **Bids Submission and Bid Opening.** Bids may be submitted by electronic means only provided that the Bank is satisfied with the adequacy of the system, including *inter alia* that the system is secure, maintains the integrity, confidentiality, and authenticity of the bids submitted, and uses an electronic signature system or equivalent to keep bidders bound to their bids.

(m) Bids shall be opened in public, immediately after the deadline for their submission in accordance with the procedures stated in the bidding documents. The public bid opening shall take place in only one session. At the public bid opening, the names of the bidders and the total amount of each bid, and of any alternative bids if they have been requested or permitted, shall be read aloud and recorded when opened. Bids shall not be evaluated as part of the bid opening process, and no bid shall be rejected during the public bid opening session, except for late bids. Bidders shall not be allowed to complete their bids after the deadline for submission of bids has expired.

(n) **Bid Validity.** No automatic extension of the bid validity shall apply. If justified by exceptional circumstances, an extension of the bid validity may be requested in writing from all bidders before the original bid validity expiration date and it shall cover only the minimum period required to complete the evaluation and award of the contract. The extension of the bid validity requires the Bank’s no objection for those contracts subject to prior review.

(o) **Bid Evaluation**
(i) Evaluation of bids shall be made in strict adherence to the evaluation criteria declared in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms and the manner in which they will be applied for the purpose of determining the lowest evaluated bid shall be established in the bidding documents. A weighting/scoring system shall not be used.

(ii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid. No negotiations shall be permitted.

(iii) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.

(iv) Requests for clarification and the bidder’s responses shall be made in writing and they shall not be notified to other bidders.

(v) After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning the awards shall not be disclosed to bidders or other persons not officially concerned with this process until publication of the award of the contract.

(p) Rejection of All Bids and Re-bidding. All bids shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank’s prior concurrence.

(q) Securities. Bid securities shall not exceed three percent (3%) of the estimated cost of the contract; and performance securities shall not exceed ten percent (10%) of the contract price. The successful bidder shall be given at least fifteen (15) days from the receipt of notification of contract award to submit a performance security. No advance payment shall be made without a suitable advance payment security.

(r) Publication of Contract Award. Information on contract award shall be published at least in a national newspaper of wide circulation within two (2) weeks of receiving the Bank’s no objection to the award recommendation for contracts subject to prior review, and within two (2) weeks from the award decision for contracts subject to post review. Publication shall include the following information: (i) the name of each bidder which submitted a bid; (ii) bid prices as read out at bid opening; (iii) evaluated prices of each bid that was evaluated; (iv) the names of bidders whose bids were rejected and the reasons for their rejection, and (v) the name of the winning bidder, the final total contract price, and the duration and summary scope of the contract.
(s) **Complaints by Bidders and Handling of Complaints.** The Borrower shall establish an effective and independent protest mechanism allowing bidders to protest and to have their protest handled in a timely manner.

(t) **Contract and Contract Modifications.** Contracts shall be in writing and the bid of the successful bidder shall become part of the Contract documents without any modification introduced by the contracting authority. In the case of contracts subject to prior review, the Bank's no objection shall be obtained before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all contract amendments shall be furnished to the Bank for its record;

(u) **Right to Inspect/Audit.** In accordance with the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Loan shall provide that bidders, suppliers, and contractors, and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Bank, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank’s inspection and audit rights constitute an obstructive practice as defined in the Procurement Guidelines.

(v) **Fraud and Corruption.** In accordance with the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Loan shall include provisions on matters pertaining to fraud and corruption. The Bank will sanction a firm or individual, at any time, in accordance with prevailing Bank sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; and (ii) to be a nominated subcontractor, consultant, supplier or service provider of an otherwise eligible firm being awarded a Bank-financed contract;

(w) **Debarment under National System.** The Bank may recognize, if requested by the Borrower, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further
provided that the Bank confirms that the particular debarment process afforded due process and the debarment decision is final.

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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank; (g) Selection of United Nations Agencies; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

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

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the 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 Loan (“Category”), the allocation of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services and Training for Part A.1 of the Project</td>
<td>10,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services, Operating Costs and Training for Part A.2 of the Project</td>
<td>9,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants' services, Operating Costs and Training for Part A.3 of the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Non-consulting services and consultants' services for Part B.1 of the Project</td>
<td>7,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Matching Grants under Part B.2 of the Project</td>
<td>30,000,000</td>
<td>100% of amounts disbursed by the Borrower under the Matching Grant</td>
</tr>
<tr>
<td>(6) Goods, works, non-consulting services, consultants' services, Operating Costs and Training for Part C of the Project</td>
<td>9,825,000</td>
<td>100%</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 is December 31, 2021.
SCHEDULE 3
Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1</td>
<td></td>
</tr>
<tr>
<td>Beginning October 1, 2021 Through October 1, 2034</td>
<td>3.57%</td>
</tr>
<tr>
<td>On April 1, 2035</td>
<td>3.61%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) to the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule; and

(b) any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. "ADI" or "Instituto de Desenvolvimento Agrario" means the Borrower's Agricultural Development Institute within the Ministry of Agriculture, or any successor thereto.

2. "Affected Person" means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and "Affected Persons" means more than one Affected Person.

3. "Annual Work Plan and Budget" means the work plan and budget approved by the Bank and adopted by the Borrower in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, as said work plan and budget may be modified from time to time with the prior written agreement of the Bank.


5. "Beneficiary" means a smallholder farmers' group or organization or a small rural enterprise which has met the eligibility criteria specified in Section I.E of Schedule 2 to this Agreement and in the Project Implementation Manual and, as a result, has been extended, or is to be extended, a Matching Grant for the carrying out of activities under Part B.2 of the Project; and "Beneficiaries" means more than one such Beneficiary.

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


8. "Environmental and Social Impact Assessment" or "ESIA" means each site specific environmental and social assessment to be prepared by the Borrower pursuant to the ESMF, in each case identifying and assessing the potential environmental and social impacts of a proposed Project activity, evaluating alternatives, and designing appropriate mitigation, management, and monitoring measures, including procedures to ensure the safety of new and existing dams, as
the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules to such document; and “Environmental and Social Impact Assessments” or “ESIAs” mean more than one such assessment.

9. “Environmental and Social Management Framework” or “ESMF” means the environmental and social management framework disclosed on December 11, 2015, in the Borrower’s territory, and on December 16, 2015, in the Bank’s InfoShop, adopted by the Borrower and acceptable to the Bank, setting forth the modalities for environmental and social screening, and outlining environmental and social implementation, mitigation and monitoring measures and procedures, including procedures for the preparation and implementation of ESIAs and ESMPs, and procedures to ensure the safety of new and existing dams, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules to such document.

10. “Environmental and Social Management Plan” or “ESMP” means each site specific environmental and social management plan to be prepared by the Borrower pursuant to the ESMF, in each case setting forth appropriate mitigation, monitoring and institutional measures designed to mitigate the potential adverse environmental and social impacts of a proposed Project activity, offset them, reduce them to acceptable levels, or enhance positive impacts, including procedures to ensure the safety of new and existing dams, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules to such document; and “Environmental and Social Management Plans” and “ESMPs” mean more than one such plan.

11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

12. “IIA” or “Instituto de Investigacao Agrario” means the Borrower’s Agricultural Research Institute, or any successor thereto.

13. “Integrated Pest Management Framework” or “IPMF” means the integrated pest management plan disclosed on December 11, 2015, in the Borrower’s territory, and on December 16, 2015, in the Bank’s InfoShop, adopted by the Borrower and acceptable to the Bank, setting forth mitigation, enhancement, monitoring, and institutional measures for integrated pest management and the safe handling of pesticides under activities to be implemented under the Project, and for minimizing any potential related adverse impacts, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such document.
14. "Matching Grant" means a grant made or proposed to be made out of the proceeds of the Loan to a Beneficiary, for the purpose of a Subproject under Part B.2 of the Project, as described in Section 1.E of Schedule 2 to this Agreement and in more detail in the Project Implementation Manual; and "Matching Grants" means more than one such Matching Grant.

15. "Matching Grant Agreement" means an agreement entered, or to be entered, into between the Borrower and a Beneficiary, in accordance with the provisions of Section 1.E of Schedule 2 to this Agreement, providing for a Matching Grant; and "Matching Grant Agreements" means more than one such agreement.

16. "Ministry of Agriculture" means the Borrower's ministry responsible for agriculture, or any successor thereto.

17. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans and Budgets approved by the Bank pursuant to Section 1.C of Schedule 2 to this Agreement, including office supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel and per diem related to supervision of the Project, excluding salaries of the Borrower's civil servants.

18. "Participating Province" means one of the following provinces in the Borrower's territory participating in the Project: Bie, Huambo or Malanje; and "Participating Provinces" means, collectively, all of said provinces.


20. "Procurement Plan" means the Borrower's procurement plan for the Project, dated April 20, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

21. "Project Coordination Committee" or "PCC" means the project coordination committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

22. "Project Implementation Manual" means the manual acceptable to the Bank, referred to in Section I.B of Schedule 2 to this Agreement, as may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules and annexes to the said manual.

23. "Project Implementation Sub-Committee" or “PISC” means the project implementation sub-committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
24. "Project Implementation Unit" or "PIU" means the project implementation unit within ADI referred to in Section I.A.4 of Schedule 2 to this Agreement.

25. "Provincial Project Coordination Committee" or "PPCC" means a provincial project coordination committee referred to in Section I.A.5 of Schedule 2 to this Agreement; and "Provincial Project Coordination Committees" or "PPCCs" means more than one such PPCC.

26. "Provincial Project Implementation Sub-Committee" or "PPISC" means a provincial project implementation sub-committee referred to in Section I.A.6 of Schedule 2 to this Agreement; and "Provincial Project Implementation Sub-Committees" or "PPISCs" means more than one such PPISC.

27. "Provincial Project Implementation Unit" or "PPIU" means a provincial project implementation unit referred to in Section I.A.7 of Schedule 2 to this Agreement; and "Provincial Project Implementation Units" or "PPIUs" means more than one such PPIU.

28. "Resettlement Action Plan" or "RAP" means, for a given Project activity, the resettlement action plan for said activity, to be prepared by the Borrower in accordance with the RPF, and describing the compensation and other resettlement assistance to be provided, consultation to be conducted with Affected Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules to such document; and "Resettlement Action Plans" and "RAPs" mean more than one such plan.

29. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework disclosed on December 16, 2015, in the Borrower's territory, and on December 21, 2015 in the Bank's InfoShop, adopted by the Borrower and acceptable to Bank, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Affected Persons, and for the preparation and implementation of RAPs, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes all schedules to such document.

30. "Safeguards Instruments" means, collectively, the ESMF, ESIAs, ESMPs, IPMF, RPF, and RAPs; and "Safeguards Instrument" means any one of such instruments.

31. "Subproject" means a set of activities to be carried out under Part B.2 of the Project, in accordance with the requirements of the Project Implementation Manual referred to in Section I.B of Schedule 2 to this Agreement; and "Subprojects" means more than one such Sub-project.
32. "Training" means the cost associated with training, workshops and study tours, based on Annual Work Plans and Budgets approved by the Bank pursuant to Section 1.C of Schedule 2 to this Agreement, for reasonable expenditures required to carry out training activities (other than expenditures for consultants’ services), including: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

"19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01(a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest.”