Global Food Crisis Response Program
Grant Agreement

(Warehouse Receipts Financing Project)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Global Food Crisis Response Program

Dated 17th July, 2012
GFRP TF GRANT NUMBER 6138 (TF012186)

GLOBAL FOOD CRISIS RESPONSE PROGRAM

GRANT AGREEMENT

AGREEMENT dated 17th July, 2012, entered into between the DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA ("the Recipient"); and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("the World Bank"), acting as administrator of the Global Food Crisis Response Program ("the GFRP").

The Recipient and the World Bank hereby agree as follows:

Article I

Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II

The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III

The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six million and five hundred thousand United States Dollars (US$ 6,500,000) ("Grant") to assist in financing the Project from the GFRP Multi-donor trust fund.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any donor cancels or fails to pay any contributions under the trust fund to the World Bank, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the donors for the purposes of the Grant.

Article IV
Recipient's Representative; Addresses

4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Secretary, Ministry of Finance and Planning.

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

Ministry of Finance and Planning
The Secretariat
Colombo 1, Sri Lanka

Cable: SECMINFIN
Telex: FINMIN 21409
Facsimile: 94 11 244 9823

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

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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at 17 July, 2012, as of the day and year first above written.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By

[Signature]

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Global Food Crisis Response Program

By

[Signature]

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to provide local farmers with access to quality storage facilities in the territory of the Recipient to quality storage facilities for agricultural products, and to facilitate the use of such products as collateral to access financial services by developing an electronic and negotiable warehouse receipt financing program.

The Project consists of the following parts:

Part 1: Establishment of Warehouses

1. Construction of warehouse storage facilities.
2. Development of an agricultural commodity Warehouse Receipts System.
3. Acquisition and installation of computer equipment and software for the system to be developed under Part 1.2 of the Project.

Part 2: Product Development

Development of insurance products to insure the system to be developed under Part 1.2 of the Project, and to mitigate weather risks of agricultural products and livestock for farmers.

Part 3: Capacity Building, Technical Assistance and Awareness Creation

1. Capacity building of stakeholders, including warehouse operators, banks and commodity market organizations, and knowledge dissemination with regard to the system to be developed under Part 1.2 of the Project.
2. Development of a communications strategy, including: (a) the development of promotional materials, and (b) the dissemination of information through electronic and other media.
3. Organization of workshops to raise the awareness of stakeholders.
4. Drafting of revisions to the relevant laws of the Recipient to create a legal framework for trading warehouse receipts.

Part 4: Monitoring and Evaluation

Compilation of baseline data, establishment of annual field based monitoring mechanisms and carrying out of impact assessments.
Part 5: Implementation Support

Strengthening the capacity of the Recipient to carry out Project activities, including Project planning, implementation, monitoring and evaluation, in accordance with appropriate fiduciary and safeguards standards, through the provision of technical assistance and training.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall be responsible for Project management, implementation, and monitoring and evaluation, including administrative and financial management, procurement, and disbursement in accordance with the following arrangements.

2. The Recipient shall maintain, throughout Project implementation, a Steering Committee, chaired by the Secretary of the Ministry of Finance and Planning and composed of representatives from relevant governmental ministries and agencies, the Central Bank of Sri Lanka, relevant financial institutions, the private sector and farmer organizations, and with an adequate institutional framework, functions and resources, as shall be required for purposes of Project implementation.

3. The Recipient will suitably authorize the Project Implementation Unit to carry out responsibilities for Project management, implementation, and monitoring and evaluation, including administrative and financial management, procurement and disbursement.

4. To this end, the Recipient shall maintain the Project Implementation Unit throughout Project implementation, with an adequate institutional framework, functions, and resources, including competent management and staffed with a fulltime financial management specialist, procurement specialist and other technical staff in adequate numbers, all with skills and experience and terms of reference acceptable to the Bank, to carry out Project implementation.

5. For purposes of implementation of the Project, the Recipient shall enter into agreements with partner entities and organizations, under terms and conditions satisfactory to the World Bank, which shall include:

(a) a management contract for operating each warehouse established under the Project; and

(b) consultant services to perform the following activities: product development; legal framework; capacity building; training; technical assistance and awareness creation.

B. Manuals

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual, including the Project Financial Management Manual,
agreed with the World Bank and setting out implementation, organizational, administrative, financial management, reporting, monitoring and evaluation, environmental and social monitoring and mitigation, and procurement arrangements for purposes of Project implementation.

2. The Project manuals referred to in paragraph B.1 above may be amended from time to time with the prior written agreement of the World Bank.

3. In the event of a conflict between the provisions of any one of said manuals and those of this Agreement, the latter shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

D. Safeguards

1. The Recipient shall carry out the Project in accordance with the provisions of the Environmental Risk Management Framework, and any applicable Environmental Assessment and Environmental Management Plan.

2. The Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the Environmental Management Framework and any Environmental Assessments and Environmental Management Plans, providing details of:

(a) measures taken in furtherance of such instruments;

(b) any conditions which interfere or threaten to interfere with the smooth implementation of such instruments; and

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

3. In the event of a conflict between the provisions of any of such instruments and those of this Agreement, the latter shall prevail.
E. Donor Visibility and Visit

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

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set out in the attachment to this Schedule. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering such quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.
Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

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

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

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

2. Other Methods of Procurement of Goods, 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) Limited International Bidding;

(b) National Competitive Bidding, subject to the following additional provisions:
(i) Only the model bidding documents for National Competitive Bidding agreed with the World Bank shall be used for bidding;

(ii) Invitations for bids will be advertised in at least one widely circulated national daily newspaper, and bidding documents will be made available at least twenty one (21) days before, and issued up to, the deadline for submission of bids;

(iii) Qualification criteria will be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated responsive bidder shall be given a reasonable time for registering, without let or hindrance;

(iv) Bids will be opened in public in one location, immediately after the deadline for the submission of bids, as stipulated in the bidding document (the bidding document will indicate the date, time and place of bid opening);

(v) Except in cases of force majeure or exceptional situations beyond the control of the implementing agency, the extension of bid validity will not be allowed;

(vi) Bids will not be rejected merely on the basis of a comparison with an official estimate;

(vii) Except with the prior concurrence of the Bank, there will be no negotiation of price with bidders, even with the lowest evaluated bidder;

(viii) A bidder's bid security will apply only to the specific bid, and a contractor's performance security will apply only to the specific contract under which they are furnished; and

(ix) Bids will not be invited on the basis of percentage premium or discount over the estimated cost, unless agreed with the Bank;

(c) Shopping; and

(d) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For assignments whose estimated value is below $300,000 or equivalent, the shortlist may be comprised entirely of national consulting firms.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications, for assignments whose estimated value is below $200,000 or equivalent; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the World Bank of Procurement Decisions**

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

Section IV. **Withdrawal of Grant Proceeds**

A. **General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services, training, workshops and Incremental Operating Costs under the Project</td>
<td>6,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,500,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 31, 2015.
**ATTACHMENT TO SCHEDULE 2 - Monitorable Indicators**

**SRI LANKA: Warehouse Receipts Financing Project (WHRFP)**

<table>
<thead>
<tr>
<th>Indicator One</th>
<th>PDO Level Results Indicators*</th>
</tr>
</thead>
</table>
| **Number of warehouses established and operational with the required IT equipment and software systems to manage a warehouse receipt financing mechanism** | Unit of Measure: Number  
Baseline: 0  
Cumulative Target Values: 2 5 7  
Frequency: Semi-Annually  
Data Source/Methodology: MoFP Reports  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Two</th>
<th>PDO Level Results Indicators*</th>
</tr>
</thead>
</table>
| **Number of farmers accessing credit from the system using warehouse receipts as collateral.** | Unit of Measure: Number  
Baseline: 0  
Cumulative Target Values: 8,000 17,500 35,000  
Frequency: Semi-Annually  
Data Source/Methodology: MoFP Reports  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Three</th>
<th>PDO Level Results Indicators*</th>
</tr>
</thead>
</table>
| **Total amount of loans accessed through the mechanism** | Unit of Measure: US$ Mn.  
Baseline: 0  
Cumulative Target Values: 3 6 10  
Frequency: Semi-Annually  
Data Source/Methodology: MoFP Reports/Individual bank reports  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Four</th>
<th>PDO Level Results Indicators*</th>
</tr>
</thead>
</table>
| **Decrease in price variation in areas served by warehouses (by at least 20%)** | Unit of Measure: Percentage  
Baseline: To be decided  
Cumulative Target Values: 5% 15% 20%  
Frequency: Quarterly  
Data Source/Methodology: MoFP Reports/Surveys  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Five</th>
<th>PDO Level Results Indicators*</th>
</tr>
</thead>
</table>
| **Total Number of Project beneficiaries** | Unit of Measure: Number  
Baseline: 0  
Cumulative Target Values: 10,000 25,000 45,000  
Frequency: Quarterly  
Data Source/Methodology: MoFP Reports/Surveys  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Six</th>
<th>PDO Level Results Indicators*</th>
</tr>
</thead>
</table>
| **Total Number of female project beneficiaries** | Unit of Measure: Number  
Baseline: 0  
Cumulative Target Values: 1,000 2,000 4,000  
Frequency: Quarterly  
Data Source/Methodology: MoFP Reports/Surveys  
Responsibility for Data Collection: PIU |

**INTERMEDIATE RESULTS**

**Component One: Establishment of warehouses**

<table>
<thead>
<tr>
<th>Indicator One</th>
<th>INTERMEDIATE RESULTS INDICATORS</th>
</tr>
</thead>
</table>
| **Regulatory Mechanism improved:**  
*Enhanced Sri Lanka Law on Certified Warehouses being approved by the Cabinet and submitted to legislature for approval* | Unit of Measure: YES/NO  
Baseline: NO  
Cumulative Target Values: NO NO NO YES  
Frequency: Quarterly  
Data Source/Methodology: MoFP Reports  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Two</th>
<th>INTERMEDIATE RESULTS INDICATORS</th>
</tr>
</thead>
</table>
| **Number of signed warehouse lease agreements between Government and private sector** | Unit of Measure: Number  
Baseline: 0  
Cumulative Target Values: 2 4 7  
Frequency: Semi-Annually  
Data Source/Methodology: MoFP Reports  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Three</th>
<th>INTERMEDIATE RESULTS INDICATORS</th>
</tr>
</thead>
</table>
| **Access to quality storage by farmers - Number of farmers using warehouses** | Unit of Measure: Number  
Baseline: 0  
Cumulative Target Values: 9,000 20,000 40,000  
Frequency: Quarterly  
Data Source/Methodology: MoFP Reports  
Responsibility for Data Collection: PIU |

<table>
<thead>
<tr>
<th>Indicator Four</th>
<th>INTERMEDIATE RESULTS INDICATORS</th>
</tr>
</thead>
</table>
| **Increase to income and access to finance for farmers - Average annual incremental income per farmers due to WHRFP** | Unit of Measure: (%)  
Baseline: 0  
Cumulative Target Values: 20% 20% 15%  
Frequency: Annually  
Data Source/Methodology: MoFP Reports  
Responsibility for Data Collection: PIU |
### Component Two: Product Development (insurance, etc)

#### Indicator One: Portfolio quality - Enhancement of Banking Sector’s role in warehouse lending mechanism
- **Number of banks engaged in lending with farmer friendly innovative instruments**

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Number</td>
<td>0</td>
<td>1</td>
<td>MoFP Reports</td>
<td>Quarterly</td>
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<tr>
<td></td>
<td></td>
<td>2</td>
<td>4</td>
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</tbody>
</table>

#### Indicator Two: Outreach – Direct beneficiaries - Number of active loan accounts from innovative instruments held by farmers in targeted areas

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
<th>Frequency</th>
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</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Number</td>
<td>0</td>
<td>6,000</td>
<td>MoFP Reports</td>
<td>Semi-Annually</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>12,000</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>30,000</td>
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</tbody>
</table>

#### Indicator Three: Outreach - Number of active loan accounts held by female farmers in targeted areas as a result of farmer friendly financial products.

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Number</td>
<td>0</td>
<td>500</td>
<td>MoFP Reports</td>
<td>Quarterly</td>
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<td></td>
<td></td>
<td></td>
<td>1000</td>
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<td></td>
<td>2,000</td>
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</tbody>
</table>

### Component Three: Capacity Building Technical Assistance and awareness creation

#### INTERMEDIATE RESULTS INDICATORS

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
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</thead>
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<tr>
<td>Indicator</td>
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<td>MoFP Reports</td>
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<td>150</td>
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<td></td>
<td></td>
<td>260</td>
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</tbody>
</table>

#### Indicator Two: Institutional development & capacity building: Participation of commercial operators - Banks, Insurance operators etc.

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
<th>Frequency</th>
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<tr>
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<td>10</td>
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</tbody>
</table>

#### Indicator Three: Institutional development & capacity building: Number of trained male farmers (MF), female farmers (FF) and warehouse managers (WHM)

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Number</td>
<td>MF=0</td>
<td>FF=0</td>
<td>MoFP Reports</td>
<td>Semi-Annually</td>
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<tr>
<td></td>
<td></td>
<td>WHM=0</td>
<td>WHM=5</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>WHM=10</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>WHM=15</td>
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</tbody>
</table>

### Component Four: Monitoring & Evaluation

#### Indicator One: Public awareness about using the warehouse system

<table>
<thead>
<tr>
<th>Component</th>
<th>Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Data Source/Responsibility</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Yes/No</td>
<td>No</td>
<td>Yes</td>
<td>Surveys of Representative</td>
<td>Semi-Annually</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Number of Farmers in Target areas. Reports</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX
Definitions

1. "Environmental Assessment" means the Recipient's assessment, including an Environmental Management Plan (as hereinafter defined) referred to in Section I.D.1 of Schedule 2 to this Agreement, prepared in accordance with the Environmental Management Framework (as hereinafter defined), as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such assessment.

2. "Environmental Management Framework" means the Recipient's framework, publicly disclosed on October 28, 2011, acceptable to the World Bank, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate any adverse environmental impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such framework.

3. "Environmental Management Plan" means the Recipient's plan, part of the Environmental Assessment and referred to in Section I.D.1 of Schedule 2 to this Agreement, prepared in accordance with the Environmental Management Framework, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such plan.

4. "Ministry of Finance and Planning" means the Recipient's ministry responsible for finance and planning, or any successor thereto.

5. "Incremental Operating Costs" means the reasonable incremental recurrent expenditures incurred by the Recipient on account of the Project including expenditures for traveling and subsistence expenses, office supplies, vehicle rental charges (including insurance), vehicle operating charges (fuel, maintenance, and insurance), maintenance of office equipment, telephone and other communication charges, office rent, bank charges, advertising costs, salaries and contractual allowances for contract staff and allowances for officials of the Recipient's public service.

6. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 21, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph .25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
7. "Project Implementation Unit" means the Recipient’s entity, established and operating under the Development Finance Department of the Ministry of Finance and Planning to assist the Recipient in the implementation of the Small and Medium Enterprise Development Facility Project, pursuant to the Financing Agreement dated November 8, 2010 between the Recipient and the World Bank, and through which the Ministry of Finance and Planning shall implement the Project.


9. "Project Operations Manual" means the manual dated March 6, 2012 prepared by the Recipient and agreed with the World Bank setting forth the operational rules and procedures for the Project as described in Section I of Schedule 2 to this Agreement.

10. "Steering Committee" means the committee to be established under Section I.A.2 of Schedule 2 to this Agreement for purposes of coordinating and monitoring Project implementation.

11. "Training" means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

12. "Warehouse Receipts System" means the warehouse receipts mechanism administered by warehouse operators and providing farmers with electronic receipts of agricultural products to be used as collateral for loans from financial institutions.