Global Environment Facility
Grant Agreement

(Agriculture Competitiveness Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated May 28, 2012
GEF GRANT NUMBER TF012145
RELATED TO CREDIT NUMBER 5095-MD

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT


The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions 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 as follows: (i) Parts A and B.1 of the Project through MAFI; (ii) Parts C.1 and C.3 of the Project through MOE; (iii) Part B.2 of the Project through MAFI and AIPA; (iv) Part C.2 through MOE and AIPA; and (v) Part D of the Project jointly through MAFI and MOE, in accordance with the provisions of Article II of the Standard Conditions.

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

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million four hundred thirty five thousand five hundred United States Dollars ($4,435,500) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that the Memorandum of Understanding between MOE and the State Forestry Agency ("Moldsilva") has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of MOE to perform any of its obligations under the Agreement.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The Food Safety Law has been adopted by the Recipient satisfactory to the World Bank.

(b) The POM has been jointly adopted by the Recipient’s MOE and MAFI in a manner satisfactory to the World Bank.

(c) The Financing Agreement dated the same date as this Agreement, between the Recipient and the International Development Association, providing a
credit in support of the Project ("Financing Agreement"), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred eighty (180) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

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

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

Ministry of Finance
Cosmonautilor Street, 7
277005 Chisinau
Republic of Moldova

Facsimile:
(37322) 221307

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

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

REPUBLIC OF MOLDOVA

By

Authorized Representative

Name: Vladimir Filat

Title: Prime Minister

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By

Authorized Representative

Name: Qimiao Fan

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to enhance the competitiveness of the Recipient’s agro-food sector through: (i) supporting the modernization of the food safety management system; (ii) facilitating market access for farmers and (iii) mainstreaming agro-environmental and sustainable land management practices.

The Project consists of the following parts:

Part A. Enhancing food safety management

Provision of goods, works, and consultants’ services, including training for:

A.1 Providing regulatory and institutional support to MAFI for enhancing the food safety management system through:

(i) supporting the process of legislative harmonization of the national legislation with the relevant EU regulations;

(ii) strengthening the institutional capacity of MAFI and its subordinated food safety management institutions through: (a) staff training; and (b) support for increasing awareness of relevant private entities regarding the application of the new food safety legislation; and

(iii) developing methodological and analytical work for soil quality and land degradation risk-assessment, land quality certification, and standard setting to ensure that best soil management practices are integrated in the policy and regulatory framework for food safety management.

A.2 Providing technical enhancements support to MAFI for the food safety management through:

(i) rehabilitation of the designated building facility for the Food Safety Agency (FSA); procurement of office, communication and computing equipment for the building; and design of an integrated IT system for the interoperability of various FSA divisions.

(ii) strengthening of animal and plant health and food safety laboratory network and Border Inspection Points (BIPs) through:

(a) rehabilitation of two (2) central reference laboratory for animal and food safety, and for food safety for products of vegetable origin; and
(b) rehabilitation of four (4) BIPs, namely: at the Chisinau International Airport; on the Southern border (Tudora); on the Northern border (Criva) and on the Western border (Leuseni).

Part B. Enhancing market access potential

Provision of goods, works, and consultants’ services, including training to MAFI for:

B.1 Providing for a business development support for productive partnerships for primary horticultural producers through: (i) public information and promotion campaign; (ii) development support for identifying, setting up and providing training for new productive partnerships; and (iii) specialized technical assistance support on an ad-hoc basis for the newly created productive partnerships.

B.2 Set-up of an investment support for post-harvest technologies for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector, all through competitive scheme and in accordance with the Grant Operational Manual.

Part C. Enhancing land productivity through sustainable land management (SLM)

Provision of goods, works, and consultants’ services, including training to MOE for:

C.1 Strengthening the sustainable land management capacity building of MOE through, inter alia: (i) developing a methodological work on general technical and economic options for farm-based interventions; (ii) strengthening the farmers capacity to monitor economic and environmental benefits; (iii) organizing awareness raising and training activities to improve farmers’ land management skills and public policy response with respect to sustainable land management issues.

C.2 Providing financial support for piloting SLM for Sub-projects for farmers for farm-level investments in soil conservation practices and technologies, all in accordance with the Grant Operational Manual.

C.3 Providing support for rehabilitation of shelterbelts by investments in machinery for the creation of two mobile mechanized squads for the rehabilitation of anti-erosion shelterbelts.

Part D. Project management

Provision of goods, consultants’ services, including audit and training, and operational costs for purposes of Project management and implementation, including monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain the current inter-ministerial Steering Committee during Project implementation, with a composition and terms of reference acceptable to the World Bank, which shall provide overall supervisory, coordination and strategic guidance functions for the Project implementation. The Steering Committee shall be chaired by the Minister of Agriculture and Food Industry and shall comprise representatives of MAFI, MOE, MOF, the State Chancellery and farmers/producers organizations.

2. The Recipient shall implement the project in accordance with the provisions of the POM and GOM and shall not amend, suspend, abrogate, repeal or waive any of its provisions without a priori consent of the World Bank.

3. The Recipient, through MAFI and MOE, shall assign component coordinators at the level of each of the two ministries to assist with the technical aspects of implementation of their respective Project activities.

4. The Recipient, through MAFI, shall ensure the fiduciary support of the implementation of the Project and, in that respect, maintain the CAPMU in charge of supporting the disbursement, financial management and procurement activities, as well as monitoring and evaluation.

5. The Recipient shall cause AIPA to ensure the implementation of the Sub-projects under Part C.2 of the Project. AIPA shall be responsible for the disbursement of the Matching Investment Grants (MIG), the delivery of MIG to the Beneficiaries, the financial management and monitoring of MIG’s implementation.

B. 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").
C. **Sub-projects**

1. For the implementation of the Sub-projects, the Recipient, within MOE, shall establish an evaluation and selection committee which shall be in charge of announcing selection rounds, reviewing and evaluating the financing applications, and making the award decisions. The decisions of the committee (both awards and rejections) shall be made public on MOE’s and/or AIPA’s websites, respectively. The composition of the evaluation and selection committee, and any subsequent compositional changes, shall be approved by the Steering Committee. The evaluation and selection committee shall include, to the extent possible, representatives of MOE, AIPA, MOF, the State Chancellery and independent technical and financial experts. To facilitate the operations of the evaluation committee, an initial eligibility screening of incoming applications shall be carried out by AIPA.

2. The Recipient, through AIPA, shall provide Matching Investment Grants to Beneficiaries for the implementation of Sub-projects under Part C.2 of the Project, in accordance with eligibility criteria for Sub-projects and Beneficiaries and procedures acceptable to the World Bank and detailed in the GOM, which shall include *inter alia*:

**Minimum eligibility criteria for Sub-projects under Part C.2:**

(i) alignment with the Project’s development objective;

(ii) financial feasibility;

(iii) ability of the potential Beneficiary to pre-finance the underlying investment (from own or borrowed resources);

(iv) demonstrated potential for the underlying investments to contribute to engendering sustainable and replicable land management practices;

(v) environmental compliance with the project’s EMF; and

(vi) not exceeding 50% of incurred investment costs for eligible goods and works, with a maximum ceiling established at US$20,000 per Beneficiary. Individual producers that are members of productive partnerships which receive MIG under this activity would only be eligible for MIG up to an amount of US$5,000. A Beneficiary would be eligible for one MIG only.
Eligibility criteria for the Beneficiary under Part C.2 (productive partnership):

(i) Beneficiaries have to be privately owned, registered agricultural producers in conformity with Moldovan legislation;

(ii) Beneficiaries registered in the cities of Chisinau and Balti are not eligible;

(iii) Beneficiaries shall have proof of individual agricultural activity in the horticultural sub-sector;

(iv) Beneficiaries shall not be on the Recipient’s official list of banned agricultural producers;

(v) Beneficiaries shall provide a legally acceptable commitment that the goods financed under the scheme would not be sold or otherwise transferred to a third party;

(vi) Beneficiaries shall pay current taxes and have no arrears to the public budget (both state and local); and

(vii) Beneficiaries shall provide confirmation of commitment for participation in dissemination and demonstration activities.

3. The Recipient, through AIPA, shall make each Matching Investment Grant under a Sub-project Agreement with the respective Beneficiary on terms and conditions approved by the World Bank and stipulated in the GOM, which shall include, inter alia, the following:

(i) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Investment Grant, or obtain a refund of all or any part of the amount of the matching investment grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-project Agreement; and

(ii) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) prepare an EIA and/or EMP for each Sub-project in accordance with the EMF and carry out the respective Sub-project in
accordance with such EMP; (C) provide, promptly as needed, the resources required for the purpose of the respective Sub-project; (D) procure the goods, works and services to be financed out of the Sub-project in accordance with the provisions of this Agreement; (E) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-project and the achievement of its objectives; (F) maintain a financial management system and prepare financial statements in accordance with the Recipient's accounting standards both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; (G) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (H) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

D. Safeguards

1. The Recipient shall implement the Project activities in accordance with the Environmental Management Framework (EMF).

2. The Recipient shall ensure that, prior to approval of Sub-projects to be financed under Part C.2 of the Project, the Beneficiaries develop and adopt specific EIAs and EMPs for each of the respective Sub-project in accordance and as required by the EMF.

3. The Recipient shall implement measures to raise awareness and educate the Beneficiaries with respect to pesticide handling and to promote integrated pest management technologies, as described in the EMF.

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 indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, 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. Without limitation on the provisions of Part A of this Section, the Recipient, through CAPMU, shall prepare and furnish to the World Bank as part of the Project Report 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 World Bank.

3. Notwithstanding the provisions of paragraph B.2 of this Section II, the Recipient shall cause AIPA to: (i) prepare and furnish to CAPMU not later than thirty (30) days after end of each calendar quarter, interim unaudited financial reports for utilization of the MIG for Sub-projects under Part B.2 of the Project; and (ii) prepare and furnish its annual financial statements to CAPMU. CAPMU shall consolidate the overall Project financial situation and furnish it to the World Bank according to the provisions of paragraph B.2 of this Section II above.

4. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period and shall be made publicly available in a timely fashion and in a manner acceptable to the World Bank.

5. The Recipient shall have the Sub-projects subject to an independent one-off operational review assessing the efficiency and effectiveness of fund use, appropriateness of MIG allocation and compliance of MIG’s Beneficiaries with the eligibility criteria. The operational review shall be conducted in two years after the Project implementation in accordance with Terms of reference agreed with the World Bank.

**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) National Competitive Bidding, subject to the additional provisions specified below; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank.

Additional provisions for National Competitive Bidding:

Eligibility: Eligibility to participate in a procurement process and to be awarded an World Bank-financed contract 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 World Bank for reasons other than those provided in Section I of the Procurement Guidelines.
Registration of Contractors and Suppliers: Registration shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Recipient, prior to contract signing.

Bidding Documents: Bidding documents acceptable to the World Bank shall be used, and shall be prepared so as to ensure economy, economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

Prequalification procedures and documents acceptable to the World Bank shall be used for large, complex and/or specialized works. The verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder’s capability with respect to personnel and equipment.

In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by postqualification, applying the qualification criteria stated in the bidding documents.

Cost Estimate: The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the World Bank’s prior written concurrence.

Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. A copy of the bid opening minutes
shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the World Bank’s prior review.

Bid Evaluation: Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

No domestic preference shall be granted in bid evaluation on the basis of bidder nationality, origin of goods or services, and/or preferential programs.

Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents, and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

Rejection of All Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank’s prior written concurrence.

Bid Validity: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request for extension of bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the World Bank.

Guarantees: Guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made to without a suitable advance payment guarantee.

Fraud and Corruption: The bidding documents and contract as deemed acceptable by the World Bank shall include provisions stating the Bank’s policy to sanction
firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

**Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

**Contract Modifications:** With respect to contracts subject to the World Bank’s prior review, the Recipient shall obtain the World Bank’s no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) 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 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the World Bank.

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 World Bank; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.
D. Review by the World Bank of Procurement Decisions

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

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing 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, training and operational costs under the Project under Parts A.1 (iii), C and D of the Project</td>
<td>2,535,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Matching Investment Grants for Sub-projects under Part C.2 of the Project</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,435,500</td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of this Schedule, the terms:

(a) "Training" means expenditures incurred by the Recipient related to the training activities, study tours, seminars/workshops for Project implementation, including travel costs (transport, per diem, accommodation and other travel related costs) for the trainees, trainers and participants to the training, trainers fee, the rent for the rooms and the training equipment, materials used for the training, adequate consumables; and

(b) "Operational Costs" means expenditures incurred by the CAPMU on account of management of Project implementation for office maintenance, minor office equipment, office supplies, printing, utilities, operating expenses, communications, transportation, fuel, insurance for goods, bank charges, advertisement, audit, monitoring and evaluation, and salaries of CAPMU staff, including qualified social charges, but excluding salaries of the Recipient's civil servants, and such other expenditures as may be agreed upon by the World Bank.

B. Withdrawal Conditions; Withdrawal Period

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

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

(b) under Category (2):

   (i) until the approval of the Project GOM in terms and conditions satisfactory to the World Bank; and

   (ii) until the approval of Sub-project application by the respective evaluation and selection committee as referred in paragraph C.1 of Section I in Schedule 2 of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2017.
**APPENDIX**

**Definitions**

**Section I. Definitions**

1. "AIPA" means the Recipient's Agency for Payments and Interventions in Agriculture established under the subordination of MAFI (hereinafter defined) according to Government Decision No.60 dated February 4, 2010 and published in the Official Gazette No.20-22 dated February 9, 2010.


3. "Beneficiary" or "Beneficiaries" means any private farmer or private rural business eligible for assistance under Parts B.2 and C.2 of the Project.

4. "CAPMU" means Consolidated Agricultural Project Management Unit within MAFI (hereinafter defined) established by the Recipient for purposes of Project coordination and management.

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


7. "EIA" or "EIAs" means Environmental Impact Assessment(s) identifying the potential environmental impacts of the Project activities and Sub-projects which include evaluation of potential alternatives, as well as appropriate mitigation, management, and monitoring measures, satisfactory to the World Bank.

8. "EMF" means Environmental Management Framework prepared by the Recipient for the benefit of the Project based, *inter alia*, on the analysis of both the Recipient's legislation and guidelines; and the World Bank safeguard policies, that outlines environmental assessment procedures and mitigation requirements for the Project's activities and Sub-projects and provides details on procedures, criteria and responsibilities for Sub-projects screening, including EIAs and EMPs guidelines and checklist.

9. "EMP" or "EMPs" means Environmental Management Plan(s) developed or to be developed for each investment site under a Sub-project, in accordance with the sample presented in the EMF, which includes appropriate environmental...
monitoring and mitigation plans and up-dated provisions regarding construction permit requirements.

10. “FSA” means the Recipient’s Food Safety Agency to be established according to the Recipient’s Food Safety Strategy adopted in August 2011.


12. “GOM” means Grant Operational Manual to be approved by the Project Steering Committee and adopted by the Recipient pursuant to Section IV.B.1 (b), setting forth the Beneficiaries’ eligibility, competitive selection criteria and operational details of the Matching Investment Grants, as the same may be amended and supplemented from time to time with the World Bank’s prior written approval.

13. “MAFI” means the Recipient’s Ministry of Agriculture and Food Industry or any successor thereto.

14. “Matching Investment Grant” or “MIG” means a grant to be made to a Beneficiary for a Sub-project in accordance with the requirements set forth or referred to in the GOM (hereinafter defined).

15. “MOE” means the Recipient’s Ministry of Environment or any successor thereto.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 14, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

18. “POM” means Project Operational Manual to be approved by the Project Steering Committee and adopted by the Recipient pursuant to Section 5.01 (a) and satisfactory to the World Bank, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, and including the Environmental Management Framework, and financial management arrangements for the Project, as the same may be amended and supplemented from time to time with the World Bank’s prior written approval.

20. "Steering Committee" means the steering committee established through Governmental Decision No. 878 dated September 9, 1999, as amended.

21. "Sub-project" or "Sub-projects" means specific investment project to be carried out by a Beneficiary utilizing the proceeds of a Matching Investment Grant in accordance with the requirements set forth or referred to in the GOM.