Global Agriculture and Food Security Program
Grant Agreement

(Livestock and Agricultural Marketing Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as Trustee and Supervising Entity of the Global Agriculture and Food Security Program

Dated July 3, 2013
GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM
GRANT AGREEMENT

AGREEMENT dated July 3, 2013, entered into between MONGOLIA ("the Recipient"); and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("the World Bank"), acting as Trustee and Supervising Entity of the Global Agriculture and Food Security Program.

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 ("the Standard Conditions") constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms and the italicized 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 ("the Project"). To this end, the Recipient shall carry out the Project through MIA in accordance with the provisions of Article 11 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 eleven million Dollars ($11,000,000) ("the 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 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 above-mentioned trust fund, and the
Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV - Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been satisfied, that is the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

4.02. As part of the evidence to be furnished pursuant to Section 4.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing, on behalf of the Recipient, that this Agreement has been duly authorized and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) 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 V - Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economic Development.
5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Economic Development
Government Building II
United Nations' Street - 5/1
Ulaanbaatar 15160
MONGOLIA

5.03. 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

Facsimile:

1-202-477-6391
AGREED at Ulaanbaatar, Mongolia, as of the day and year first above written.

MONGOLIA

By

Authorized Representative

Name: N. Batbayar

Title: Minister for Economic Development

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee and Supervising Entity of the Global Agriculture and Food Security Program

By

Authorized Representative

Name: Klaus Rohland

Title: Country Director, Mongolia
SCHEDULE 1

Project Description

The objective of the Project is to improve rural livelihoods and food security in selected Aimaggs and Soums through investments in enhanced productivity, market access and diversification in livestock-based production systems.

The Project, which is proposed to be aligned with the "Soum Program", consists of the following parts:

**Part 1. Linking Herders to Markets**

(a) Meat and Fiber Market Development

(i) Improving efficiencies along the value chains of selected livestock products, namely: meat, cashmere, and wool, through the creation and enhancement of productive partnerships between producer groups such as herders and farmers, and buyers and/or processors of their products, through provision of technical assistance and training to participants in such value chains.

(ii) Carrying out of an outreach campaign aimed at promoting Project activities to targeted groups of herders, farmers and other participants along selected value chains of meat and fiber products.

(iii) Provision of technical assistance and training, including provision of extension services and assistance with the development of business plans, to herder groups, in order to support them to add value to, and market, their products;

(iv) Provision of Matching Grants to herder groups for investments aimed at enhancing meat and fiber production and marketing, including improved collection, handling, cleaning, sorting, packaging and storage.

(b) Dairy Market Development

(i) Provision of technical assistance and training, including provision of extension services and development of business plans, to small scale herder groups to assist them to market their products to dairy plants or for local consumption.

(ii) Provision of Matching Grants to small scale herder groups for investments in pilot milk collection schemes and small-scale dairy processing plants.
(c) Pilot Horticulture Production

(i) Provision of Micro Grants to low-income female headed households, unemployed persons, and small scale herders to enable them to diversify their sources of household nutrition and income through investments in horticulture production and processing.

(ii) Provision of technical assistance and training, including provision of extension services and assistance with development of business plans, to small-scale horticulture producers in order to improve their productivity.

Part 2. Raising Livestock Productivity and Quality

(a) Promoting Animal Health

Promoting animal health and productivity by strengthening of disease free zones and provision of veterinary services, including:

(i) Carrying out programs to control foot and mouth disease and brucellosis including (A) acquisition of animal handling equipment, veterinary supplies and equipment, and cold chain and laboratory equipment; and (B) establishment of animal health inspection posts and buffer-zone check points.

(ii) Provision of grassroots veterinary services and herd health management services.

(iii) Provision of training to veterinarians and other animal health professionals and paraprofessionals, in order to enhance their capacity to carry out the activities under this Part 2 of the Project.

(b) Animal Breeding and Genetic Improvement

Supporting genetic improvement and enhanced breeding management through investments in sheep and goats, dairy cattle and beef cattle, including:

(i) establishment, and/ or rehabilitation, and equipping of breeding stations;

(ii) provision of training to Soum livestock officers, artificial insemination technicians, herders and dairy farmers;

(iii) establishment of nucleus herds in order to create a source of genetically improved animals;

(iv) strengthening of artificial insemination capacity at the Soum level through acquisition of equipment and supplies; and
(v) provision of genetically improved animals for purchase by herders.

(c) Animal Nutrition

Improving livestock productivity through improved nutrition, including:

(i) provision of Matching Grants to herder groups for investments in livestock feed production and processing and feeding programs; and

(ii) carrying out of participatory on-farm research for demonstration purposes to enable producers at large to better understand the relationship between nutrition, productivity and profitability.

Part 3. Project Management

Provision of technical assistance and training to support Project implementation and coordination.
SCHEDULE 2

Project Execution

Section I.    Institutional and Other Arrangements

A.    Institutional Arrangements

1.    The Recipient shall maintain, throughout the period of Project implementation;

(a)    a Project Steering Committee chaired by the Director General, Strategic Policy and Planning in MIA and having representation satisfactory to the World Bank to, among other things: (i) deliberate policy issues and provide policy guidance on the Project; (ii) coordinate activities of the various agencies of the Recipient and other stakeholders involved in the Project implementation; (iii) review and approve Project annual work plans and budgets and annual reports; (iv) monitor and assess progress towards the achievement of Project objectives, including taking corrective actions to ensure smooth implementation of Project activities; and (v) provide final approval for Sub-grant proposals; and

(b)    a Project Implementation Unit (the PIU) within MIA responsible for overall day to day Project implementation and coordination, including: (i) preparation of work plans; (ii) preparation of disbursement applications; (iii) ensuring that all procurement activities are undertaken in accordance with Section III of this Schedule 2; (iv) facilitating the audits referred to in Section II of this Schedule 2; (v) carrying out the outreach campaign described under Part I(a)(ii) of the Project; (vi) hiring Service Providers to assist Beneficiaries as set out in Paragraph C.4 of this Section 1; (vii) carrying out appraisals of proposed Sub-projects and making recommendations to the Project Steering Committee with regard to approval of the same; and (viii) overseeing the implementation of Sub-projects, including the inspection of works. The PIU shall be chaired by the Project Coordinator, and consist of qualified staff in sufficient numbers and under terms of reference satisfactory to the World Bank, including the following Key Staff: a procurement specialist, a financial management specialist, a monitoring and evaluation specialist, a Grants manager, an animal health specialist, an animal nutrition specialist, a breeding specialist, a social/gender specialist, economist cum financial analyst and a communication specialist.

2.    The Recipient shall cause each Participating Soum to establish and thereafter maintain, throughout the period of Project implementation, a Soum
Steering Committee in the Governor’s office, responsible for ensuring integrated Project implementation at the Soum level and inter-agency cooperation and coordination. Each Soum Steering Committee shall be chaired by the Soum Governor and have composition satisfactory to the World Bank, including but not limited to representation from Beneficiaries and Service Providers.

3. The Recipient shall ensure that the head of the unit responsible for veterinary and animal breeding services in each Participating Soum shall act at the Project coordinator for such Soum.

B. Project Manuals and Annual Work Plans

1. The Recipient shall ensure that the Project is implemented in accordance with the Project Implementation Manual, and the Grants Manual and shall not take or concur in any action which would have the effect of assigning, amending, abrogating or waiving such documents or any provision thereof, without the prior written consent of the World Bank.

2. The Recipient, through the PIU shall no later than January 30 in each year, commencing in 2014, furnish to the World Bank for approval, the Annual Work Plan for implementation, an updated disbursement profile, and target indicators for the coming year.

In the event of any conflict between the provisions of any of the Safeguards Instruments, the Project Implementation Plan or any Annual Work Plan, and those of this Agreement or the Loan Agreement, the latter shall prevail.

3. In the event of a conflict between the provisions of the Project Implementation Manual, the Annual Work Plan, or the Grants Manual, and those of this Agreement, the provisions of this Agreement shall prevail.

C. Selection Criteria, Terms and Conditions and Procedures for Sub-grants and Sub-projects under Parts 1 and 2 of the Project

1. Without limitation upon the provisions of Part B above, the Recipient shall make Matching Grants to partially finance Matching Grant Sub-projects under Parts 1 (a) (iv), 1 (b) (ii) and 2 (c) (i) of the Project, and Micro Grants to finance horticultural and micro-scale dairy. Sub-projects under Part 1 (c) (i) of the Project, all in accordance with the eligibility criteria and procedures, on the terms and conditions and for the purposes set out in the Grants Manual including those set out in the following provisions.
2. In order to be eligible to receive a Matching Grant under the Project, a Beneficiary shall meet the criteria set out in the Grants Manual including but not limited to the following:

(a) it is organized in the form of (i) a cooperative society duly established and operating under the Cooperatives Law; or (ii) a company duly registered and operating under the Company Law;

(b) it is engaged in animal husbandry, processing or marketing in any one of these products, namely meat, milk, fiber and horticultural crops;

(c) it has provided evidence, acceptable to the World Bank, of its capacity to provide the required matching financing of the proposed Sub-project, as set forth in the Grants Manual.

3. In order to be eligible to receive a Micro Grant under the Project, a Beneficiary must meet the criteria set out in the Grants Manual including but not limited to the following:

(a) it is organized in the form of: (i) a cooperative society duly established and operating under the Cooperatives Law; or (ii) a company duly registered and operating under the Company Law; and

(b) it is a group of female headed households, a group of unemployed persons or a group of herders who own less than the national average number of animals per herder.

4. The Recipient, through the PIU, shall select and hire service providers in accordance with the provisions of Section III of this Schedule 2 to assist Beneficiaries with the preparation, appraisal, and implementation of Sub-projects and with the process of applying for Matching Grants or Micro Grants, and to provide such other capacity building assistance, including training, as shall be requested by the relevant Beneficiaries and approved by the Recipient and the World Bank.

5. The Recipient, through the PIU, shall enter into a Tripartite Agreement with each Beneficiary and Service Provider jointly, providing for their respective roles in the implementation of the Sub-project including:

(a) the responsibility of the Service Provider to assist the Beneficiary to prepare a business plan in order to apply for a Matching Grant or a Micro Grant;
the responsibility of the Service Provider to monitor the performance by the Beneficiary of such Beneficiary's obligations under the Sub-grant Agreement and the Tripartite Agreement and make periodic reports thereon to the PIU;

(c) the responsibility of the Service Provider to assist the Beneficiary to prepare Sub-project progress reports and furnish the same to the PIU and the Soum Steering Committee;

(d) the responsibility of the Service Provider to inform the PIU and the Soum Steering Committee when the Sub-project is completed and to assist the Beneficiary to prepare a Sub-project completion report in the format prescribed by the PIU; and

(e) the responsibility of the Service Provider to submit periodically to the Beneficiary, reports on the services provided in accordance with the terms of the Tripartite Agreement and the performance indicators specified therein.

6. The Recipient shall make each Matching Grant under a Matching Grant Agreement with each respective Beneficiary in the form of the model agreement attached to the Grants Manual and on terms and conditions described in more details in such manual and in the Project Implementation Manual. Such terms and conditions shall include, but not be limited to, the following:

(a) the Matching Grant shall be made as a non-reimbursable transfer of financial resources out of the Grant proceeds;

(b) the Matching Grant shall not exceed US$150,000 irrespective of the size of the Sub-project;

(c) the Beneficiary shall provide matching funds equal to at least 10% of the total sub project cost; and

(d) the proceeds of the Matching Grant shall not be used to finance any item on the Negative List.

7. The Recipient shall make each Micro Grant under a Micro Grant Agreement with each respective Beneficiary in the form of the model agreement attached to the Grants Manual and on the terms and conditions described in more details in such manual and in the Project Implementation Manual. Such terms and conditions shall include, but not be limited to, the following:
(a) the Micro Grant shall be made to the Beneficiary as a non-reimbursable transfer of financial resources out of the Grant proceeds;

(b) the Micro Grant shall not exceed $10,000 irrespective of the size of the Sub-project; and

(c) the proceeds of the Micro Grant shall not be used to finance any item on the Negative List.

8. With respect to each Sub-grant Agreement and Tripartite Agreement, the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including, but not limited to, the right to:

(a) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-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 Sub-grant Agreement or the Tripartite Agreement;

(b) terminate the services of the Service Provider upon the Service Provider's failure to perform any of its obligations under the Tripartite Agreement;

(c) require each Beneficiary, with the assistance of the Service Provider, to:

(i) carry out the 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 Grants Manual the Environmental Management Plan including the Pest Management Plan and the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient;

(ii) provide, promptly as needed, the resources required for the purpose of the Sub-project;

(iii) procure the goods, works and services to be financed out of the Matching Grant in accordance with the provisions of Section III of this Schedule 2;

(iv) where appropriate, ensure that adequate provision is made for the insurance of any goods required for the Sub-project and to be financed out of the proceeds of the Sub-grant, against
hazards incident to the acquisition, transportation and delivery of the goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

(v) maintain 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 objective, including records and minutes of meetings and proceedings;

(vi) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (B) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

(vii) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and

(viii) prepare and furnish to the Recipient and the World Bank all such other information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

9. The Recipient shall exercise its rights under each Sub-grant Agreement and Tripartite Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of each Sub-project. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

D. Anti-Corruption

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

1. The Recipient shall carry out the Project, and ensure that each Sub-project is carried out, in accordance with the Environmental Management Plan, including the Pest Management Plan.

2. The Recipient shall: (a) not amend the Environmental Management Plan or the Pest Management Plan without the prior written approval of the World Bank; and (b) report any issues on the implementation of the requirements of this section.

3. In the event of any inconsistency between the provisions of this Agreement and those of the Environmental Management Plan or the Pest Management Plan, the provisions of this Agreement shall prevail.

F. 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, take all measures required on its part to 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:

   (a) 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 forth in Attachment 1 to this Schedule 2. Each Project Report shall cover the period of one (1) calendarquarter, and shall be furnished to the World Bank not later than thirty (30) days after the end of the period covered by such report;

   (b) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank, on or about June 15, 2015, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to
ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the World Bank, on such date as the World Bank shall request, the report referred to in sub-paragraph (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the World Bank's views on the matter.

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 three months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section III of this Schedule.

B. Financial Management; Financial Reports; Audits

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

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each 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 audit of the Financial Statements shall cover the period of one (1) calendar year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

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

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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, (subject to the additional procedures described in the Attachment to this Schedule 2)</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community Participation procedures which have been found acceptable to the World Bank</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality-
and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Fixed Budget Selection</td>
</tr>
<tr>
<td>(c) Consultants Qualifications-Based Selection</td>
</tr>
<tr>
<td>(d) Least Cost Selection</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the World Bank of Procurement Decisions

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

Section IV. Withdrawal of Grant Proceeds

A. General

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

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants' services, Training and Incremental Operating Costs</td>
<td>6,610,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants</td>
<td>3,520,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>Unallocated</td>
<td>870,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>11,000,000</strong></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:
   
   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $110,000 equivalent may be made for payments made prior to this date but on or after October 1, 2012, for Eligible Expenditures under Category (1); or
   
   (b) with respect to a Soum unless and until a Soum Steering Committee, satisfactory to the World Bank, has been established in such Soum, as provided for in Schedule 2, Section I, Paragraph A.2 of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2017.
## ATTACHMENT 1 TO SCHEDULE 2 - Monitorable Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>YR1</th>
<th>YR2</th>
<th>YR3</th>
<th>YR4</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDO Level 1 Results Indicators</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(GAFSP) Number of intended and actual direct beneficiaries, gender disaggregated</td>
<td></td>
<td>Numbe r</td>
<td>0</td>
<td>1000</td>
<td>5000</td>
<td>8110</td>
<td>8110</td>
<td>annually</td>
<td>PIU records</td>
<td>PIU</td>
</tr>
<tr>
<td>(GAFSP) Increase in household income from livestock and in selected cases horticultural products.</td>
<td></td>
<td>Text</td>
<td>0</td>
<td>2%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>basel i ne, mid-term and upon completion</td>
<td>Survey of household income in project and control groups</td>
<td>Soum extension workers, DIME</td>
</tr>
<tr>
<td>Share of marketed products going through contracts and established companies.</td>
<td></td>
<td>Text</td>
<td>0</td>
<td>0</td>
<td>20%</td>
<td>80%</td>
<td>100%</td>
<td>Baseline, Mid-term and upon completion</td>
<td>Survey of household agri income by project and control team</td>
<td>Soum extension workers, DIME</td>
</tr>
<tr>
<td>Percentage of increase in output of livestock products (meat, milk, wool, cashmere)</td>
<td></td>
<td>Text</td>
<td>0</td>
<td>0</td>
<td>5%</td>
<td>10%</td>
<td>20%</td>
<td>Baseline, mid-term and upon completion</td>
<td>Survey of project and control team</td>
<td>Soum extension workers, DIME</td>
</tr>
<tr>
<td>(GAFSP) Change in per capita consumption of various food ingredients, disaggregated by gender and vulnerable groups.</td>
<td></td>
<td>Text</td>
<td>0</td>
<td>0</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>Baseline, mid-term and upon completion</td>
<td>Household Nutritional survey</td>
<td>Soum extension workers, DIME</td>
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## Intermediate Results Indicators

<table>
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<tr>
<th></th>
<th>No. of functioning productive partnerships</th>
<th>1</th>
<th>1</th>
<th>2</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<td></td>
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<td>0</td>
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<td>10</td>
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<td>Increase of farm production under improved post-harvest management (i.e. value chains) (GAFSP)</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Number of herder cooperatives linked to markets</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>No. of women trained and engaged in horticulture production</td>
<td>10</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Number of herders who have adopted improved animal husbandry technologies (GAFSP indicator) disaggregated by gender</td>
<td>0</td>
<td>1000</td>
<td>3000</td>
<td>7000</td>
<td>8000</td>
<td></td>
<td></td>
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<td></td>
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<td>Number of collaborative research</td>
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<td>2</td>
<td>4</td>
<td>5</td>
<td></td>
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<tr>
<td></td>
<td>Improved animal productivity related to nutrition</td>
<td>0</td>
<td>see sub-indicators</td>
<td>see sub-indicators</td>
<td>see sub-indicators</td>
<td>see sub-indicators</td>
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<tr>
<td></td>
<td>increased reproductive rates</td>
<td>0</td>
<td>0</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>increased birth weight</td>
<td>0kg</td>
<td>0</td>
<td>2kg</td>
<td>3kg</td>
<td>5kg</td>
<td></td>
<td></td>
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Note: PIU = Project Implementation Unit; MIA = Monitoring, Implementation, and Accountability; GAFSP = Green Africa Food Security Program; RAH = Research, Agriculture, and Health.
<p>| 7-3 | increased growth rates | Text | 0 | 0 | 2 | 3 | 5 |   |   |
| 7-4 | increased carcass weight | Text | 0 | 0 | 2kg | 3kg | 5kg |   |   |
| 8   | Animal Health - improved capacity to implement disease control programs | Text | 0 | see sub-indicators | see sub-indicators | see sub-indicators | see sub-indicators | annually | VABA records, Assessment | PIU, VABA |
| 8-1 | Number of target group with use or ownership of land under forage production (disaggregated by female headed households) | Text | 0 | 15 | 30 | 45 | 60 |   |   |
| 8-2 | Number of herders participating in training and awareness events (disaggregated by gender) | Text | 0 | 500 | 4000 | 7000 | 8000 |   |   |
| 8-3 | Number of herders practicing routine health regime to control endo and ecto-parasitic diseases (disaggregated by gender) | Text | 0 | 500 | 4000 | 7000 | 8000 |   |   |
| 8-4 | Existence and use of cold chain and SOPs for vaccine and sample transportation | Text | 0 | 0 | 1 | 3 | 5 |   |   |</p>
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<th></th>
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<th>Numbe</th>
<th>0</th>
<th>0</th>
<th>5</th>
<th>5</th>
<th>5</th>
<th>annually</th>
<th>project records from NH and multiple herds</th>
<th>PIU, NHs</th>
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<tr>
<td>9</td>
<td>no. of nucleus flocks established</td>
<td>r</td>
<td></td>
<td></td>
<td></td>
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<td>0</td>
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<td>1000</td>
<td>1500</td>
<td>annually</td>
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<td>no. of improved males distributed from nucleus flock</td>
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<td>904</td>
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<tr>
<td></td>
<td>number of AI operators trained</td>
<td>r</td>
<td></td>
<td></td>
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<tr>
<td>12</td>
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<td>0</td>
<td>200</td>
<td>1000</td>
<td>1500</td>
<td>3000</td>
<td>annually</td>
<td>Soum records, participating households</td>
<td>PIU, soum, government, MOFALI</td>
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<tr>
<td></td>
<td>of land allocated to forages at the soum</td>
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<td>13</td>
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<td>200</td>
<td>2000</td>
<td>6000</td>
<td>8000</td>
<td>annually</td>
<td>Soum records, participating households</td>
<td>PIU, soum, government, MOFALI</td>
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<td>Number of herders trained on forage management and animal feeding</td>
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<td></td>
<td></td>
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<td>Efficient and effective project management</td>
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<td>semi-annually</td>
<td>supervisions, audits, mid-term evaluation, ICR</td>
<td>PIU, IDA</td>
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<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>semi-annually</td>
<td>supervisions, audits, mid-term evaluation, ICR</td>
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<td>semi-annually</td>
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<td>Satisfactory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>semi-annually</td>
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<td>PIU, IDA</td>
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<tr>
<td>Number</td>
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<td>300</td>
<td>300</td>
<td>600</td>
<td>annually</td>
<td>project record</td>
<td>PIU</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Number of participants in M&amp;E workshops, training events, seminars, conferences etc (disaggregated by gender and affiliation)</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>
Attachment 2 to Schedule 2

National Competitive Bidding Additional Procedures

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

A. Applicable Procurement Procedure

Bidding shall be conducted in accordance with the Open Bidding Procedure, as defined in Chapter Two of the Public Procurement Law of Mongolia enacted on December 1, 2005 (as amended through June 16, 2011) and related provisions, subject to the following:

B. Participation in Bidding and Preferences

(i) Government-owned enterprises in Mongolia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient.

(ii) A bidder declared ineligible by the World Bank, based on a determination by the World Bank that the bidder has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing a World Bank-financed contract, shall be ineligible to be awarded a World Bank-financed contract during the period of time determined by the World Bank.

(iii) A firm which has been engaged by the Recipient to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm’s consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor’s obligations under a turnkey or design and build contract.

(iv) Prospective bidders shall be permitted to request bidding documents either in person or by mail upon submission of a written application. Bidding documents shall be sold to anyone who is willing to pay the required fee for the bidding documents which shall not exceed the cost of reproduction and delivery of such documents.

(v) Interested foreign bidders from eligible countries shall be allowed to participate without being required to associate or form joint ventures with local bidders.
Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders. Mongolian bidders and goods of Mongolian origin shall be given no preference over foreign bidders, either in the bidding process or in the evaluation of bids.

(vi) Prior registration shall not be a requirement for any bidder to participate in bidding.

(vii) Pre-qualification of contractors shall not be required, except in the case of large or complex works and with the prior written concurrence of the World Bank.

C. Advertising, Time for Bid Preparation

Invitations to bid shall be advertised in at least one widely circulated national newspaper, allowing sufficient time, normally a minimum of 30 days, for the preparation and submission of bids. Bidding documents may be distributed electronically provided that the World Bank is satisfied with the adequacy of such electronic system.

D. Standard Bidding Documents

Standard bidding documents, acceptable to the World Bank, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Bidders shall be allowed to submit bids by hand, by mail or by courier.

E. Assessment of Bidder’s Qualification

Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder’s qualifications shall be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidder’s qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been completed by the Recipient and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. The evaluation of a bidder’s qualifications shall only take into account the bidder’s capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities and financial capacity. In carrying out the post-qualification assessment, the Recipient shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder’s
qualifications and shall provide a reasonable time period (that is, a minimum of seven days) to the bidder to provide his response.

F. Evaluation Criteria

Evaluation criteria to be used in the evaluation of bids shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used in bid evaluation. The evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents, and contracts shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid.

G. Bid Opening and Bid Evaluation

(i) Bids shall be opened in public, immediately upon the stipulated deadline for submission of bids. Bidder’s representatives and the project’s beneficiaries from the concerned local community who choose to attend shall be allowed to attend. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded in the Bid Opening Record. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. Immediately after completion of the bid opening proceedings, a copy of the Bid Opening Record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the Bid Opening Record shall be promptly provided to all bidders who submitted bids. With respect to all contracts which are subject to the World Bank’s prior review, the Recipient shall provide the World Bank a copy of the Bid Opening Record.

(ii) All bids shall not be rejected or new bids invited without the World Bank’s prior written concurrence.

(iii) No bid shall be rejected merely on the basis of a comparison with the owner’s estimated cost or budget ceiling without the World Bank’s prior written concurrence.

(iv) A bid containing material deviations from or reservations to the terms, conditions or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from detailed evaluation on the basis of non-material, minor deviations or reservations.

(v) Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and, in all such cases, the Recipient shall communicate such request in writing to all bidders before the date of expiry of
their bids. In such a case, bidders shall not be requested nor permitted to amend the price or any other condition of their bid. Bidders shall have the right to refuse to grant such an extension of the validity of their bids without forfeiting their bid securities, but bidders granting such extension shall be required to provide a corresponding extension of their bid security.

(vi) In the case of contracts of more than eighteen (18) months' duration, the bidding documents and the resultant contract shall provide for price adjustment, based on a formula acceptable to the World Bank, which shall be disclosed to the bidders in the bidding documents.

(vii) The bid of a bidder which refuses to accept arithmetical corrections made by the Evaluation Committee during the evaluation of its bid shall be rejected.

(viii) A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.

(ix) There shall be no post-bidding negotiations with the lowest evaluated bidder or any other bidder. No bidder shall be required, as a condition for the award of contract, to change his bid price or otherwise materially alter his bid after it has been submitted.

H. Suppliers, Contractors and Subcontractors

(i) The World Bank shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank.

(ii) Bidding documents and contracts under national competitive bidding procedures financed by the World Bank shall include a provision requiring suppliers, contractors and subcontractors to permit the World Bank to inspect their accounts and records relating to the bid submission and the performance of the contract by the suppliers, contractors and/or subcontractors as the case may be, and to have them audited by auditors appointed by the World Bank, if so required by the World Bank. The deliberate and material violation by the suppliers, contractors or subcontractors of such provision may amount to obstructive practice which is subject to sanctions under the Guidelines.

I. Publication of Award of Contract

The Recipient shall publish the following information on contract award on an accessible website when it becomes operational or on another means of
publication acceptable to the World Bank: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract award. This publication shall be updated quarterly.

J. Complaints by Bidders and Handling of Complaints

The provisions of Chapter Seven of the Public Procurement Law of Mongolia on the settlement of disputes shall apply to all World Bank-financed contracts awarded under national competitive bidding procedures.
APPENDIX

Definitions

1. "Aimag" means one of the twenty one administrative subdivisions of the Recipient.

2. "Annual Work Plan" means the plan for the implementation of the Project, including planned actions for indicators, for the year to be provided by the Recipient to the World Bank for its approval by January 30 in each year.


4. "Beneficiary" means a group that meets the eligibility criteria set out in Schedule 2, Section I, Part C of this Agreement and further elaborated in the Grants Manual and which has received, or will receive a Matching Grant, under a Matching Grant Agreement, or a Micro Grant under a Micro Grant Agreement, to finance a Sub-project.

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

6. "Company Law" means the Recipient’s Company Law enacted on October 6, 2011, as such law may be revised from time to time by the Recipient.

7. "Cooperatives Law" means the Recipient’s Cooperatives Law enacted on October 27, 2011, as such law may be revised from time to time by the Recipient.


9. "Environmental Management Plan" means the Recipient’s plan satisfactory to the World Bank, publically disclosed in the Recipient’s territory on September 17, 2012, and at the World Bank’s Infoshop on September 28, 2012, setting out: (a) the measures, including specific actions and policies, designed to manage the potential environmental impacts of Project and Sub-project activities through prevention, minimization or mitigation, and (b) the mechanisms, including procedures and institutional responsibilities, for ensuring sustainable environmental management of the Project and Sub-projects, as such plan may be amended from time to time with the prior agreement of the World Bank.
10. "G20" means the group of finance ministers and central bank governors from nineteen of the world's largest economies, and the European Union, formed in 1999 as a forum for member nations to discuss key issues related to the global economy, whose mandate is to promote growth and economic development across the globe.

11. "Global Agriculture and Food Security Program" and "GASFP" mean the multilateral mechanism to assist in the implementation of pledges made by the G20 in Pittsburgh in September 2009, whose objective is to address the underfunding of country and regional agriculture and food security strategic investment plans that have been developed by countries in consultation with donors and other stakeholders at the country-level.

12. "Grants Manual" means the manual prepared and adopted by the Recipient and found satisfactory to the World Bank, containing, among other things, with respect to Matching Grant and Micro Grant Sub-projects: (i) the criteria, detailed rules and procedures for selection for financing; (ii) implementation arrangements, including the procedures for community participation in procurement; (iii) the environmental and social standards and practices to be adhered to during implementation; (iv) the indicators to be used for monitoring and evaluation; (v) financial management and audits requirements; (vi) disbursement arrangements for the proceeds of Matching Grants; and (vii) the model form for Matching Grant Agreements; as said Manual may be amended from time to time with the World Bank's prior written approval. "Grants Manual" includes all appendices, schedules and annexes to the Grants Manual.

13. "Incremental Operating Costs" means the reasonable costs incurred by the Recipient on account Project implementation for (a) office utilities; (b) office supplies and stationery; (c) printing and publication; (d) rental and maintenance of offices; vehicles and equipment; (e) costs related to laboratory research; trials and demonstrations; (f) outreach campaign activities; (g) bank charges; (h) advertising costs; (i) audit costs; (j) studies; and (k) allowances and salaries of incremental staff under the Project; but excluding salaries of the Recipient's civil servants.

14. "Key Staff" means the key staff itemized in Schedule 2, Section 1, Paragraph A.1(b) of this Agreement, to be appointed by the Recipient to the PIU.

15. "Matching Grant Agreement" means an agreement referred to in Schedule 2, Section I, Paragraph C.6 of this Agreement to be entered into between the Recipient and a Beneficiary providing for the financing of a Sub-project (as herein defined) through a Matching Grant (as herein defined). "Matching Grant Agreement" includes all appendices, schedules and agreements supplemental to the Matching Grant Agreement.
16. "Matching Grant Sub-project" means a Sub-project (as herein defined) financed, or to be financed, partly by a Matching Grant (as herein defined).

17. "Matching Grant" means a grant made or proposed to be made to a herder group in accordance with the provisions of Schedule 2, Section 1, Part C of this Agreement, for investments in: (a) methods for enhancing meat and fiber production and marketing under Part 1(a)(iv) of the Project; (b) pilot milk collection schemes and small-scale dairy processing plants under Part 1(b)(ii) of the Project; and (c) livestock feed production and processing and feeding programs under Part 2 (c) (i) of the Project.

18. "Micro Grant Agreement" means the agreement referred to in Schedule 2, Section 1, Paragraph C.7 of this Agreement to be entered into between the Recipient and a Beneficiary providing for the financing of a Sub-project (as herein defined) through a Micro Grant (as herein defined). Micro Grant Agreement” includes all appendices, schedules and agreements supplemental to the Micro Grant Agreement.

19. "Micro Grant" means a grant made or proposed to be made under Part 1 (c) (i) of the Project to groups of low-income female headed households, unemployed persons, or small scale herders to enable them to diversify their sources of household nutrition and income through investments in horticulture production and processing.

20. “Micro Sub-project” means a Sub-project (as herein defined) to be supported by a Micro Grant made under Part 1(c)(i) of the Project to low-income female headed households, unemployed persons, or small scale herders to enable them to diversify their sources of household nutrition and income through investments in horticultural and micro-scale dairy production and processing.

21. "Micro Sub-Project" means a sub-project financed or to be financed by a Micro-Grant.


23. “Ministry of Industry and Agriculture” and “MIA” mean the Recipient’s Ministry of Industry and Agriculture, and any successor thereto.


25. “Negative List” means the list, approved by the World Bank and included in the Project Implementation Manual and the Grants Manual, specifying the activities which are not eligible for financing under Sub-grants.
26. "Participating Aimags" means, collectively, the Aimagsof (a) Arkhangai; (b) Bayankhongor; (c) Govi-Altai; (d) Khovsgul; and (e) Zavkhan, each of which has been declared to be livestock disease free and selected to participate in the Project; and "Participating Aimag" means any one of the “Participating Aimags”.

27. "Participating Soums" means, collectively, the three Soums in each Participating Aimag which have been selected to participate in the Project; and "Participating Soum" means any one of the “Participating Soums”.

28. "Pest Management Plan" means, the Recipient’s plan satisfactory to the World Bank, annexed to the Environmental Management Plan and publically disclosed with such Environmental Management Plan in the Recipient’s territory on September 17, 2012, and at the World Bank’s Infoshop on September 28, 2012, setting out specific actions, measures, policies and mechanisms designed to mitigate and prevent potential risks and negative impacts of using and distributing pesticides during Project implementation; as such plan may be amended from time to time with the prior written agreement of the World Bank.


30. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 14, 2014, 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.

31. "Project Implementation Manual" means the manual prepared and adopted by the Recipient, and satisfactory to the World Bank, detailing, with respect to the Project: (i) the implementation arrangements; (ii) the procurement procedures and standard procurement documentation; (iii) the financial management, reporting and audit requirements and procedures; (iv) key guidelines and principles for environmental and social management; (v) the indicators to be used for monitoring and evaluation; and (vi) flow and disbursement arrangements for the proceeds of the Grant; as said manual may be amended from time to time with the World Bank’s prior written approval.

32. "Project Implementation Unit” and “PIU” mean the unit established and to be maintained within MIA, as provided for in Schedule 2, Section I, Paragraph 1 (b) of this Agreement, responsible for overall day to day Project implementation and coordination.

33. "Project Steering Committee” means the committee established and to be maintained as provided for Schedule 2, Section I, Paragraph 1 (a) of this Agreement, responsible for providing guidance during Project implementation.
34. "Service Provider" mean a person or organization hired or to be hired by the Recipient to assist one or more Beneficiaries with (a) the preparation of business plans; (b) the identification, appraisal and implementation of Sub-projects; and/or (c) the application process for Sub-grants.

35. "Soum Steering Committee" means the committee referred to in Schedule 2, Section 1, Paragraph A.2 of this Agreement to be established in each Participating Soum for the purposes of ensuring inter-agency cooperation and coordination, and integrated Project implementation at the Soum level.

36. "Soum Program" means the program to be designed and implemented by the Recipient to create centers of excellence to link herders to markets, except that this Project shall be aligned to the Soum Program when and to the extent that the World Bank shall make a determination that the "Soum Program" is consistent with all applicable World Bank social and environmental safeguard and other policies, and with the objectives of this Project.

37. "Soum" means an administrative subdivision within an Aimag (as herein defined).

38. "Sub-grant Agreement" means a Matching Grant Agreement (as herein defined) or a Micro Grant Agreement (as herein defined).

39. "Sub-grant" means a Matching Grant (as herein defined) or a Micro Grant (as herein defined).

40. "Sub-project" means an investment that meets the eligibility criteria established in the Grants Manual implemented or to be implemented by a Beneficiary and financed or to be financed wholly in part out of the proceeds of a Sub-grant.

41. "Training" means reasonable expenditures (other than those for consultants' services) incurred by the PIU to finance the cost of training, including the services of trainers, meeting rooms, training materials, publications, travel costs and per diem allowances for trainees.

42. "Tripartite Agreement" means an agreement to be entered into among the Recipient, a Beneficiary and a Service Provider under terms and conditions satisfactory to the Recipient and the World Bank as provided for in Schedule 2, Section I, Paragraph C.5 of this Agreement, setting out the rights and obligations of the parties thereto throughout Sub-project implementation; as such agreement may be revised from time to time with the prior written consent of the World Bank.