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ARTF GRANT NUMBER TF0B8720

*Afghanistan Reconstruction Trust Fund*  
**Grant Agreement**

(Afghanistan Emergency Food Security Project)

Between

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**acting as administrator of the Afghanistan Reconstruction Trust Fund**

And

**THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED  
NATIONS**

**(for the benefit of Afghanistan)**

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**ARTF GRANT NUMBER TF0B8720**

**AFGHANISTAN RECONSTRUCTION TRUST FUND  
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the AFGHANISTAN RECONSTRUCTION TRUST FUND (“ARTF”) and THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (“Recipient” or “FAO”).

**WHEREAS:**

(A) the United Nations has, in response to the risks of severe drought in Afghanistan and the crisis therein following the events that occurred on August 15, 2021, requested the Bank on November 7, 2021, to finance the international community’s efforts for providing humanitarian assistance and protecting basic service delivery in Afghanistan;

(B) the Recipient, having satisfied itself as to the feasibility and priority of the Project, requested the Bank to assist in financing the Project;

(C) the Recipient is a Specialized Agency of the United Nations and international organization who enjoys privileges and immunities pursuant to international law, as reflected in the Agreement between the Government of the Islamic Republic of Afghanistan and FAO for the establishment of an FAO Representation and the Provision of Technical Assistance concluded on 6 September 2016, and who operates under its mandate and in accordance with its Constitution, the decisions of its governing bodies, and its internal rules, regulations, procedures and policies, as updated from time to time;

(D) in view of its status, the Recipient will operate under the Project within the framework established by, and in line with, the relevant United Nations Security Council resolutions, including UN Security Council Resolution 2615 (2021) of 22 December 2021 (S/RES/2615 (2021)), which decided that *“humanitarian assistance and other activities that support basic human needs in Afghanistan are not a violation of paragraph 1 (a) of resolution 2255 (2015), and that the processing and payment of funds, other financial assets or economic resources, and the provision of goods and services necessary to ensure the timely delivery of such assistance or to support such activities are permitted”*;

(E) it is proposed that financing from the ARTF to be provided to the Project in aggregate amount not to exceed one hundred ninety-five million United States Dollars (\$195,000,000) in two tranches, the first of which in the amount not to exceed one hundred fifty million United States Dollars (\$150,000,000) is to be provided under this Agreement, and the second tranche of which in the amount not to exceed forty-five million United States Dollars (\$45,000,000) is expected to be provided following the ten months review

through an amendment to this agreement , subject to the availability of resources in the ARTF and to meeting certain conditions relating to the release of the second tranche; and

(F) the Bank has agreed on the basis, *inter alia*, of the foregoing to extend to the Recipient a grant for the benefit of the people of Afghanistan upon terms and conditions set forth in this Agreement.

NOW THEREFORE, the Recipient and the Bank hereby agree as follows:

### **Article I Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
  
- 1.02. The Financial Management Framework Agreement (“FMFA”) (as defined in the Appendix to this Agreement) constitutes an integral part of this Agreement. Without limitation to the provisions of the FMFA, in respect to the Recipient, all and/or any references in the FMFA to the:
  - (a) “Letter Agreement(s)” shall be understood as references to this Agreement;
  - (b) “Trust Fund Grant(s)” shall be understood as references to the Grant referred to in Section 3.01 of this Agreement;
  - (c) “UN” and “UN Organization,” including a particular reference in Section 7 of the FMFA, shall be understood as reference to “the Food and Agriculture Organization of the United Nations (“FAO”):
  - (d) “UN Controller” shall be understood as reference to the “Director, Finance Division, FAO”;
  - (e) “UN Financial Regulations” shall be understood as reference to the “FAO Financial Regulations”; and
  - (f) “Parties” in section 11 of the FMFA shall be understood as reference to the “Bank” and “FAO” or, alternatively, the “Bank” on the one hand and the “United Nations Secretariat” and all “UN Organizations” (as that term is defined in the FMFA) on the other hand, if a satisfactory consolidated review mechanism is established.

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

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

**Article III  
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed one hundred fifty million United States Dollars (\$150,000,000) (“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 Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV  
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:
- (a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Bank confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligations to ensure that the proceeds of the Grant were for eligible expenditures; or

- (b) if, by notice sent to the Recipient pursuant to sub-paragraph (iii)(a)(1) of paragraph 10 of the FMFA, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the Recipient were not reached within the period stipulated therein; or
- (c) if, the Bank determines at any time that a reference in either paragraph 1 or paragraph 4 of Section II.B of Schedule 2 to this Agreement to the Recipient's Financial Regulations and Rules is incomplete or inaccurate in any material respect; and/or
- (d) if the Bank for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

**Article V**  
**Recipient's Representative; Addresses**

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Director of Office of Emergencies and Resilience.

5.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's address is:

Viale delle Terme di Caracalla  
00153 Rome, Italy; and

(b) the Recipient's Electronic Address is:

Tel.: +39 06 570 52061.  
Facsimile: +39 06 570 54941  
E-mail: [OER-Director@fao.org](mailto:OER-Director@fao.org)

5.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:

248423 (MCI) or  
64145 (MCI)

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

**INTERNATIONAL DEVELOPMENT  
ASSOCIATION  
Acting as administrator of Afghanistan Reconstruction Trust  
Fund**

**By**

*Melinda Good*

\_\_\_\_\_  
**Authorized Representative**

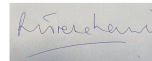
**Name:** Melinda Good

**Title:** Country Director

**Date:** 03-Jun-2022

**THE FOOD AND AGRICULTURE ORGANIZATION OF  
THE UNITED NATIONS**

**By**



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**Authorized Representative**

**Name: Richard Trenchard**

**Title: FAO Representative in  
Afghanistan**

**Date:** 03-Jun-2022

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to restore production of food security crops for the targeted smallholder farmers.

The Project consists of the following parts:

#### **Part 1. Restoring Agriculture Production**

**(A) Emergency Wheat Production Support.** Supporting restoration of wheat and critical food crop production in select provinces by provision of extension support and quality production input packages, containing, *inter alia*, fertilizers and certified wheat seeds to selected vulnerable smallholder farming households (“Vulnerable Farming Households”) for improving crop production and management, including improved technologies, training, and advisory services on good agricultural practices.

**(B) Agriculture Diversification for Nutrition.** Supporting households headed by women, children, or people with disabilities or chronic illness (“Vulnerable Households”) in meeting their nutrition needs by provision of: (i) input packages of seeds, basic tools for backyard kitchen gardening; and (ii) technical training on improved and climate smart production practices as well as basic nutrition and food hygiene.

**(C) Enhanced Seed Production.** Enhancing production of certified wheat seeds by provision of technical assistance to private seed enterprises for planning, on-site support for multiplication, marketing, and certifications of seeds.

#### **Part 2. Provision of Water and Resilience Services**

Supporting rehabilitation and improvement of selected irrigation schemes and watershed areas through: (A) restoring damaged on-farm and off-farm irrigation systems (B) cleaning drainage canal systems; (C) carrying out riverbank protection works to protect canals and adjacent areas from flood damage; (D) implementing soil and water conservation measures, including development of small rainwater harvesting structures; (E) improving watershed management and carrying out minor repairs to upper catchment of *Karezes*; and (F) building the capacity of key stakeholders.

#### **Part 3. Implementation Support**

Supporting: (A) the Recipient’s Indirect Costs; (B) direct project monitoring and supervision costs required to support implementation of the Project; (C) Project monitoring, evaluation and coordination at the national and regional levels; (D) mobilization of farmers’ associations, *Mirabs*, and Community Development Councils to facilitate consultation and community sensitization; and (E) establishment and maintenance of a grievance redress mechanism.



## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements.

1. The Recipient shall carry out the Project with due diligence and efficiency in conformity with appropriate administrative, financial, technical, environmental and social standards and practices and in accordance with its rules, regulations, policies, and procedures, as amended or updated from time to time, the provisions of this Agreement, the FMFA, the Environmental and Social Commitment Plan (“ESCP”), and the Project Implementation Manual, and shall promptly provide the funds, facilities, services and other resources required for the Project.
2. The Recipient shall establish, not later than one (1) month after the Effective Date, and thereafter maintain throughout the period of the implementation of the Project, the Project Implementation Unit, the core team of which will be in place at the time of establishment, with composition, mandate, and resources to be agreed with the Bank, which unit shall:
  - (a) include, at all times during Project implementation, experts in adequate number, each with terms of reference, qualifications, and experience to be agreed with the Bank, allocated to or recruited for the Project as and when their expertise will be needed for the efficient implementation of the Project and the achievement of its development objectives; and
  - (b) be responsible for day-to-day management and implementation of the Project, including technical, fiduciary (financial management and procurement), grievance redress, monitoring and evaluation, health and safety, and social and environmental aspects of the Project, and coordination with other stakeholders, all as set out in detail in the Project Implementation Manual.
3. The Recipient shall establish, not later than one (1) month after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, the Coordination Committee, with a mandate, composition, and frequency of meetings to be agreed with the Bank and set out in the Project Implementation Manual, to be responsible for, *inter alia*, coordinating implementation of Project activities with and among relevant stakeholders, including Community Development Councils.
4. Without limitation upon other provisions of this Agreement, the Recipient shall carry out supervision and monitoring of the Project in accordance with its own

rules, regulations, policies and procedures, as amended or updated from time to time, and shall share information related to said supervision and monitoring in the detail and frequency as the Bank and Recipient shall mutually agree in writing in accordance with their respective rules, regulations, policies, and procedures.

**B. Project Implementation Manual.**

1. The Recipient shall:
  - (a) not later than two (2) months after Effective Date, prepare and thereafter maintain, throughout the implementation of the Project, a manual for the implementation of the Project, (“Project Implementation Manual”), in form and substance satisfactory to the Bank, containing, *inter alia*: (i) detailed description of the Project activities and institutional arrangements for their implementation, including allocation of responsibilities; (ii) detailed terms of reference of the Project Coordination Committee and its operational arrangements; (iii) monitoring, evaluation, financial, reporting, internal controls, disbursement (flow of funds), and governance procedures for the Project, including but not limited to procedures, eligibility criteria, targeting systems and requirements, detailed protocols, and distribution as well as verification mechanisms for distribution of production input packages under Part 1.A and 1.B to eligible Vulnerable Farming Households and eligible Vulnerable Households, respectively; (iv) operational procedures and arrangements for monitoring compliance with Entry Criteria for Access; and (v) implementation of environmental and social instruments referred to in the ESCP; and
  - (b) carry out the Project in accordance with the provisions of the Project Implementation Manual.
2. Without limitation upon other provisions of this Agreement, monitoring, evaluation, financial and reporting procedures for third-party monitoring of project implementation in the Project Implementation Manual under Section I.B.1(a) above shall include, among others, detailed terms of reference of the Recipient’s Third-Party Monitoring, which may be carried out in coordination with the monitoring agent of the Bank and sharing of information between the Recipient’s Third-Party Monitoring Agent(s) and the Bank’s monitoring agent.
3. The Recipient shall not amend, suspend, or waive any provision of the Project Implementation Manual without the prior written concurrence of the Bank.
4. In the event of any inconsistency between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

**C. Annual Work Plan and Budget**

1. The Recipient shall, not later than one (1) month after the Effective Date and thereafter, on May 31<sup>st</sup> of each year during the implementation of the Project, or such later date as the Bank may agree in writing, prepare and furnish to the Bank for its approval, the Annual Work Plan and Budget, containing all proposed activities to be implemented under the Project during the subsequent twelve (12) months, a proposed financing plan for expenditures required for such activities, a proposed timetable for their implementation, planned procurement activities, and implementation issues as well as bottlenecks with necessary remedial actions and key responsibilities.
2. The Recipient shall afford the Bank a reasonable opportunity to exchange views on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as shall have been agreed to by the Recipient and the Bank.
3. The Recipient may revise the Annual Work Plan and Budget, as needed, with the prior written agreement of the Bank.

**D. Anti-Corruption**

1. The Recipient shall carry out the Project subject to the provisions of the Standard Conditions and the following undertakings:
  - (a) In the event that the Recipient or the Bank becomes aware of information that indicates the need for further scrutiny of the implementation of the Project or any expenditures under the proceeds of the Grant (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Project), the Recipient or the Bank, as the case may be, shall promptly bring such information to the attention of the appropriate official or officials of the other party, as designated from time to time by each party by written notice to the other party.
  - (b) Without limitation to paragraph (a) above, concurrently with submission of a Project Report under Section II.A, the Recipient shall submit to the World Bank a statement confirming whether or not, during the reporting period of the Project Report, the Recipient has received any non-frivolous allegations referred to in paragraph (a) above, and a brief description of any such allegations received.
  - (c) Following consultation between the Recipient and the Bank, the Recipient will, to the extent the information relates to actions within the authority or accountability of the Recipient, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules,

and administrative instructions, to investigate this information. For greater clarity on this matter, the Recipient and the Bank agree and acknowledge that the Recipient has no authority over and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Bank.

- (d) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Recipient, the Recipient will take timely and appropriate action in response to the findings of such investigation, in accordance with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures.
  - (e) To the extent consistent with the Recipient's Financial Regulations and Rules, including its regulations, rules, policies and procedures, it will keep the Bank regularly informed by agreed means of actions taken pursuant to Section I.D.1(c) immediately above, and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Recipient will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Recipient will, in consultation with the Bank, credit any funds so recovered to the Bank or agree with the Bank to use these funds for a purpose mutually agreed upon.
2. In the event that the Bank reasonably believes that timely and appropriate action has not been taken by the Recipient under Section I.D.1 above, the Bank may request direct consultations at a senior level between the Bank and the Recipient in order to obtain assurances that the Recipient's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. The Recipient and the Bank take note of the relevant provisions of the United Nations Financial Regulations and Rules and the Recipient's Financial Regulations and Rules.
  3. The Bank may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Grant if the Bank reasonably believes the actions taken by the Recipient under Section I.D.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Grant.
  4. The Bank has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section I.D.7 below) by any third party, and to sanction any such third party which the Bank has determined to have engaged in such practices; provided, however, that in this Section, "third party" does not include the Recipient. To the extent consistent with the Recipient's oversight framework, including its regulations, rules, policies and procedures, and if requested by the Bank, the Recipient shall cooperate with the Bank in the conduct of such investigations.

5. Without limitation to the provisions of paragraph D.1 of this Section, the Bank retains the right to conduct an investigation in connection with the information referred to in paragraph D.1(a) of this Section and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or implementation of any contract to be or being financed out of the proceeds of the Grant, except that the Bank may not investigate the Recipient or other United Nations agency. In all such investigations, the Recipient agrees to facilitate such investigations.
6.
  - (a) The Recipient will require any third-party commercial entity with which it has a long-term arrangement or to which it intends to issue a purchase order or a contract financed with the proceeds of the Grant to disclose to the Recipient whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. The Recipient will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the Project implementation.
  - (b) If the Recipient intends to issue a contract in connection with the Project with a party that has disclosed to the Recipient that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) the Recipient will so inform the Bank, before signing such contract; (ii) the Bank then may request direct consultations at a senior level, if required, between the Bank and the Recipient to discuss the Recipient's decision; and (iii) if after such consultation, the Recipient elects to proceed with the issuance of the contract, the Bank may inform the Recipient by notice, that the proceeds of the Grant may not be used to fund such contract.
  - (c) Any portion of the proceeds of the Grant received by the Recipient under this Agreement that may have been used to fund a contract in respect of which the World Bank Group has exercised its right under paragraph 6(b)(iii) immediately above, shall be used to defray the amounts requested by the Recipient in any subsequent Withdrawal Application, if any, or will be treated as a balance in favor of the Recipient in the calculation of the final balances prior to the Closing Date.
7. For the purposes of the provisions of this Section I.D, the following definitions of sanctionable practices shall apply:
  - (a) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

- (b) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation.
- (c) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; and
- (d) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

**E. Environmental and Social Standards.**

1. The Recipient shall ensure that the Project is implemented in an environmentally and socially responsible manner in accordance with the Recipient’s environmental and social policies and procedures, the relevant commitments in this Agreement and the Environmental and Social Commitment Plan (ESCP), as mutually agreed between the Recipient and the Bank, and as required by the Environmental and Social Framework of the Bank (which includes the Environmental and Social Standards).
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the ESCP in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds from the Grant are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as mutually agreed in writing by the Recipient and the Bank, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:

- (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including but not limited to any case of sexual exploitation and abuse, sexual harassment and violence against minor, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures reasonable, necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner mutually acceptable to the Recipient and the Bank.
- 6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of the ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

- 1. The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter. The Recipient shall ensure that each Project Report contains among others any updates on the implementation of the activities under the Procurement Plan.

2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall maintain a financial management system, including records and accounts, adequate to reflect the transactions related to the Project, in accordance with the applicable policies, procedure, and guidance provided in the Financial Regulations and Rules. In accordance with Article 10 of the FMFA, the Recipient shall notify the Bank of any changes to these Financial Regulations and Rules that occur after the signing of this agreement within thirty (30) days of their effective date and shall make them available via the Recipient's external website.
2. The Recipient shall maintain records ("Ledger Account") and accounts that provide a complete, true, and faithful record of all the expenditures from the proceeds of the Grant and in a manner that allows for the clear and separate identification of activities financed by the Bank.
3. The Recipient will prepare periodic financial statements in accordance with its Financial Regulations and Rules and accounting standards acceptable to the Bank. The financial statements will be submitted to the Bank in accordance with the provisions of Section II. Financial Reports and Audits of the Disbursement and Financial Information Letter referred to in Section IV(A) of this Schedule.
4. Without limitation upon any other provisions of this Agreement, the Grant is subject exclusively to the auditing procedures of the Recipient in accordance with the Recipient's Financial Regulations and Rules and the FMFA. Where the Association and the Recipient agree that additional due diligence measures are needed, the Recipient shall ensure that any additional due diligence measures, as agreed by the Recipient and the Bank in separate terms of reference, are carried out exclusively in accordance with: (i) its Financial Regulations and Rules and in conformity with the UN single audit principle observed by the United Nations system as a whole; and (ii) the FMFA.

**C. Documents; Records**

1. The Recipient shall ensure that all records evidencing expenditures under the Project are retained for seven (7) years and six (6) months, or pursuant to the standard practice of the Recipient, whichever is longer, after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including



audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

2. Without any limitation to other provisions of this Agreement, in the event of financial verifications and checks initiated by a donor to the ARTF, the Parties will exercise best efforts to agree on a solution with respect to the examination, provision, and disclosure of information referred to in paragraph (1) above.

### **Section III. Procurement**

1. All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall:
  - (a) be procured in accordance with the applicable procurement policies, procedures, regulations and practices of the Recipient, as such procurement policies, procedures, regulations and practices have been assessed and found to be acceptable by the Bank, and the Procurement Plan; and
  - (b) not commence to be procured until a Procurement Plan, including any applicable update thereto, has been furnished to, and deemed acceptable by the Bank in accordance with paragraph 2 of this Section.
2. The Recipient shall implement the Project in accordance with a procurement plan, as shall have been deemed acceptable by the Bank ("Procurement Plan"). If any update is necessary to the Procurement Plan, the Recipient shall prepare and furnish to the Bank for review such updated procurement plan.
3. If the Bank determines that the procurement policies, procedures, regulations, or practices of the Recipient have been modified, suspended, or waived in such a manner that they are no longer acceptable to the Bank, the Bank may, in addition to the Bank's rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

### **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; and (b) this Section; and (c) Disbursement and Financial Information Letter; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

| <b>Category</b>   | <b>Amount of the Grant Allocated (expressed in USD)</b> | <b>Percentage of Expenditures to be Financed (exclusive of Taxes)</b> |
|---|---|---|
| (1) Goods, works, non-consulting services, consulting services, Training, and Operating Costs under Parts 1, 2, 3(B), 3(C), 3(D), and 3(E) of the Project | 142,857,000   | 100%  |
| (2) Indirect Costs (5%) under Part 3(A) of the Project  | 7,143,000   | 100%  |
| <b>TOTAL AMOUNT</b>   | 150,000,000   |   |

**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 Signature Date except that withdrawals up to an aggregate amount not to exceed seven hundred thousand United States Dollars (\$700,000) may be made for payment made prior to this date but on or after March 24, 2022 for Eligible Expenditures under Categories (1) and 2;
  - (b) for any payment for Taxes levied by or in the territory of the Member Country; or
  - (c) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the Bank's knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.
2. Without prejudice to any other provision of this Agreement, the Recipient further undertakes that no Grant proceeds or resources may be used for law-enforcement, security, military, or paramilitary purposes or for any payments made to any law-enforcement, security, military, or paramilitary forces without the Bank's express approval.

3. All withdrawals shall be made on the basis of the interim unaudited financial report referred to in Section II.B.3 of this Schedule and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Bank to the Recipient for purpose of the Grant.
4. Without prejudice to the provisions of Section 4.05 of the Standard Conditions (Grant Refund), in the event that the Bank requests a refund of any portion of the proceeds of the Grant that has been used in a manner inconsistent with the provisions of this Agreement, the Bank and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.
5. It is understood that the Recipient shall not be responsible for and shall have no obligation to initiate or continue implementation of the pertinent activities under the Project unless the proceeds of the Grant allocated to such activities have been made available to the Recipient. Notwithstanding any suspension of the Grant or any portion of the Grant under this Agreement, the Bank will make available to the Recipient the portion of the proceeds of the Grant required to meet the obligations entered into by the Recipient prior to the date on which the Recipient shall have received the notice of suspensions.
6. The Closing Date is June 28, 2024.

**Section V. Other Undertakings**

1. In undertaking its obligations under the Project and this Agreement, the Recipient shall observe the following:
  - (a) The Recipient shall collect and process Personal Data in a fair and legitimate manner, in accordance with its mandate, policies, and governing instruments and on the basis of the following: (i) the consent of the individual affected; (ii) the vital interest of an individual; (iii) the need to perform a legal agreement; or (iv) the best interests of the individual affected.
  - (b) The Recipient shall also ensure that Personal Data:
    - (i) shall be processed only for purposes specified in the Project, taking into account the balancing of relevant rights, freedoms and interests of individuals. Personal Data shall not be processed in ways that are incompatible with such purposes;
    - (ii) shall, when processed, be confined to that which is relevant, limited and adequate to what is necessary in relation to the purposes specified above for Personal Data processing;

- (iii) shall only be retained for the time that is necessary to achieve the purposes specified above;
  - (iv) shall be accurate and, where necessary, up to date to fulfill the specified purposes; and
  - (v) shall be processed with due regard to confidentiality.
- (c) The Recipient shall adopt appropriate organizational, administrative, physical and technical safeguards and procedures in order to protect the security of Personal Data, including against or from misuse, unauthorized or accidental access, damage, loss or other risks presented by data handover, processing or transfer.
  - (d) The Recipient shall process Personal Data with transparency to individuals, as appropriate and whenever possible, including, for example, provision of information about the processing of their Personal Data as well as information on how to request access, verification, rectification, and/or deletion of that Personal Data.
  - (e) The Recipient may only transfer Personal Data to a third party if, under the circumstances, it is satisfied that the third party affords protection for the Personal Data on terms no less favorable than the Recipient does under this Project.
  - (f) The Recipient shall establish policies and mechanisms in place to adhere to the foregoing.

## APPENDIX

### Section I. Definitions

1. “Alternative Procurement Arrangements” means the procurement arrangements set forth in Section III of Schedule 2 to this Agreement, as permitted by the Bank’s Procurement Regulations for IPF Borrowers, dated November 2020.
2. “Annual Work Plan and Budget” means, individually, each annual work plan and budget for the Project prepared reviewed and found acceptable by the Bank pursuant to Section I.C of Schedule 2 to this Agreement; and “Annual Work Plans” means more than one such annual work plan.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, 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, and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
5. “Community Development Council” means a community-based decision body in a community that is composed of openly elected members; and “Community Development Councils” means more than one such council
6. “Coordination Committee” means a committee to be established and maintained pursuant to the provisions of section I.A.3 of Schedule 2 to this Agreement for the purpose of coordinating project activities.
7. “Entry Criteria for Access” means the criteria required to have been met for the purpose of the Project to ensure that the context on the ground remains aligned with women and other beneficiaries’ participation in Project activities, namely, that, (i) female beneficiaries are not restricted from obtaining the backyard vegetable cultivation packages or from participating in short-term employment opportunities, and (ii) there is no restriction on distribution of cultivation packages to beneficiaries in accordance with targeting criteria set out in the Project Implementation Manual; as such entry criteria are set out in detail in the Project Implementation Manual.
8. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 21, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and

measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

9. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
10. “European Commission” means the executive branch of the European Union.
11. “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and the United Nations, dated March 10, 2006, and signed by the Recipient on March 10, 2006. For purposes of the FMFA, the World Bank means the Bank and the International Bank for Reconstruction and Development.
12. “Financial Regulations and Rules” means Recipient’s financial management regulations and rules.
13. “Indirect Costs” means the indirect costs incurred by the Recipient as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical output of the Project, and which is 5% of the overall Grant received by the Recipient.
14. “*Karez*” means an ancient traditional underground horizontal tunnel that collects groundwater from aquifer and outflows on the surface used mainly for irrigation and drinking purposes; and “*Karezes*” means more than one such *Karez*.
15. “*Mirab*” means a community appointed person responsible for operation, maintenance, and distribution of water in accordance with traditional water shares; and “*Mirabs*” means more than such *Mirab*.
16. “Operating Costs” means the reasonable incremental costs incurred on account of the implementation, management and monitoring of the Project, including office

supplies, office space rental, equipment maintenance and repair, vehicle operation and maintenance, utilities, communication charges, mass media and printing services, translation, and interpretation charges, bank charges, charges for transporting cash into the country, travel and lodging allowances, per diems, incremental salaries of contracted employees, but excluding salaries and allowances of the Member Country's civil service.

17. "Personal Data" means any information relating to an identified or identifiable individual. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identify of an individual.
18. "Project Implementation Manual" means the manual adopted by the Recipient pursuant to provisions of Section I.B.1 of the Schedule 2 to this Agreement, setting forth detailed arrangements and procedures for the implementation of the Project; as the same manual may be amended from time to time with written prior approval of the Bank.
19. "Project Implementation Unit" means a unit to be established and maintained by the Recipient pursuant to the provisions of section I.A.2 of Schedule 2 to this Agreement for the purpose of day-to-day management and implementation of the Project.
20. "Recipient's Third-Party Monitoring" means monitoring activities of the Recipient (including, *inter alia*, site visits, assessment of local context and conditions, interviews, awareness raising, training and preparation of reports) to be carried out by the Recipient's Third-Party Monitoring Agent(s) for purpose of carrying out satisfactory monitoring and evaluation of the activities of the Project, in accordance with the terms of reference mutually agreed by the Recipient and the Bank.
21. "Recipient's Third-Party Monitoring Agent" means any firm or organization engaged by the Recipient, under terms of reference and qualifications mutually agreed by the Recipient and the Bank, and to be financed out of the proceeds of the Grant, for carrying out Recipient's Third-Party Monitoring of the Project.
22. "Signature Date" means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to "the date of the Grant Agreement" in the Standard Conditions.
23. "Standard Conditions" means the "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds", dated February 25, 2019, with the modifications set forth in Section II of this Appendix.

24. “Training” means the costs associated with training of personnel, supervisors, and managers involved in activities under the Project, such terms including seminars, workshops, and associated travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation of the training.
25. “World Bank Group” means the Bank, the International Bank for Reconstruction and Development, the International Finance Corporate, the International Centre for the Settlement of Disputes, and the Multilateral Investment Guarantee Agency.

## **Section II. Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

1. **Modifications to Article II:** Sections 2.05 (Plans, Document, Records), 2.07 (Financial Management; Financial Statements; Audits), 2.11 (Procurement), and 2.12 (Anti-Corruption) are deleted in their entirety and the remaining Sections 2.06, 2.08, 2.09, and 2.10 are renumbered respectively as Sections 2.05, 2.06, 2.07, and 2.08.
2. **Modifications to Article III.** Section 3.07 (Financing Taxes) is deleted in its entirety and the subsequent Section 3.08 (Allocation of Grant Amount) is renumbered accordingly.