

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

August 20, 2010

Mr. Sindiso Ngwenya
Secretary General
COMESA
COMESA Secretariat
Ben Bella Road
P.O. Box 30051
Lusaka, Zambia

Re: Mutli-Donor Trust Fund Grant for the Comprehensive Africa
Agriculture Development Programme (CAADP)
Common Market for Eastern and Southern Africa (COMESA)
Grant No. TF097527

Dear Sir:

In response to the request for financial assistance made on behalf of the Common Market for Eastern and Southern Africa (“COMESA” or “Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for the Comprehensive Africa Agriculture Development Programme, proposes to extend to the Recipient a grant in an amount not to exceed four million five hundred thousand United States Dollars (U.S.\$ 4,500,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Marilou Jane D. Uy
By _____
Marilou Jane D. Uy
Acting Director, Regional Integration
Africa Region

AGREED:

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

By /s/ Sindiso Ngwenya
Authorized Representative
Name Sindiso Ngwenya
Title Secretary General, COMESA
Date: August 27, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008
- (2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 1, 2008 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

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

- (a) “Annual Work Plan and Budget” or “AWP&B” means the work plan referred to in paragraph 2.03 (e) of the Annex to this Agreement.
- (b) “CAADP Coordination Unit” means the unit established within COMESA Secretariat dedicated to work on CAADP activities at the national and regional levels.
- (c) “CAADP” means the agricultural programme of the New Partnership for Africa’s Development (NEPAD), adopted by the African Union (African Union) in 2003, with the objective to focus on improving food security, nutrition, and increasing incomes in African countries.
- (d) “COMESA Member States” means the Republic of Burundi, Republic of Comoros, Djibouti, Democratic Republic of Congo, Federal Democratic Republic of Ethiopia, Republic of Eritrea, Egypt, Republic of Kenya, Libya, Republic of Malawi, Republic of Madagascar, Republic of Mauritius, Republic of Rwanda, Republic of Seychelles, Sudan, Swaziland, Republic of Uganda, Republic of Zambia, and Zimbabwe; and “COMESA Member State” means individually each and any of the COMESA Member States.
- (e) “COMESA Secretariat” means the executive organ of COMESA as established by Article 17 of the COMESA Treaty.
- (f) “Compacts” means the agreements to be entered into among the selected COMESA Member State’s technical, political, and financial stakeholders to implement an agriculture and food security strategy; and “Compact” means individually each and any of the Compacts.
- (g) “COMESA Treaty” means the treaty signed among the COMESA Member States on November 5, 1993 in Kampala, Republic of Uganda, and registered with the United Nations through Serial No. 1-26691.
- (h) “COMESA” means Common Market for Eastern and Southern Africa, a legal entity, established through the COMESA Treaty.

- (i) “Pillar” means one of the four thematic focus areas of CAADP.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to improve strategic planning and implementation of agricultural investments at national and regional levels. The Project consists of the following parts:

Part 1: Support for the COMESA Secretariat Strategic Functions

A. **Supporting the Development and Implementation of Strategies and Investment Plans at the National Level**

As part of COMESA's mandate to support CAADP implementation in its Member States, provide assistance for: stakeholder consultations and Compact related events, analytical work, feasibility studies, program or project formulation and investment costing, with the aim of assisting in the development, adoption, and implementation of Compacts and their associated agriculture strategies and investments plans.

B. **Supporting the Development and Implementation of Strategies and Investment Plans at the Regional Level**

In keeping with COMESA's mandate to facilitate regional planning and policy dialogue processes as part of the region's larger initiative to improve the enabling environment for agricultural trade and productivity enhancement, provide technical assistance in the following areas: (i) managing the regional Compact implementation process; (ii) carrying out analytical work; and (iii) facilitating regional dialogue and policy analysis on specific sub-sectors or emerging issues.

C. **Facilitating Monitoring and Evaluation of the Regional Strategic Objectives and Targets**

In collaboration with institutions responsible for monitoring and evaluation (M&E) in the agriculture sector, supporting the implementation of the CAADP Monitoring and Evaluation (M&E) system in participating COMESA Member States, through: (i) building their capacity and strategic analysis and knowledge support systems; (ii) collecting and processing accurate data to feed into the CAADP M&E framework; and (iii) organize joint regional consultative meetings to develop regional sector performance indicators and disseminate results.

D. **Facilitating Regional Communication and Information Sharing**

Provide support for the: (i) development and dissemination of communication products; and (ii) development of a strategic communication plan to support COMESA Member States in expanding their communication and information sharing on CAADP process; and (iii) strengthening institutional capacities of the selected stakeholders at the national and regional level of COMESA Member States.

E. Capacity Building at Regional and National Level for CAADP Implementation

Provide support for: (i) strengthening the capacity of CAADP country teams and focal points within the selected COMESA Member States on, *inter alia*, Compact processes, investment planning and design, and M&E; and (ii) facilitating knowledge sharing and exchange with the aim of taking advantage of lessons learnt and contributing to peer review processes.

F. Supporting Partnerships

Provide support for: (i) developing partnerships with knowledge centers and Pillar institutions; (ii) deepening partnerships with private sector entities at both country and regional levels, including, as required, to build capacity in selected institutions; and (iii) strengthening linkages and partnerships with other international institutions.

Part 2: Strengthening COMESA Secretariat CAADP Coordination Unit's Capacity

Provide assistance to build the institutional capacity of the CAADP Coordination Unit to carry out Part 1 of the Project, through strengthening the unit's monitoring and evaluation capabilities, financial management, procurement, human resources, information and communication capabilities.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through COMESA Secretariat in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 ("Anti-Corruption Guidelines"), with the modifications set forth in Section II of the Appendix to this Agreement; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** (a) The Recipient shall make in-kind contributions consisting of administrative assistance, office space, and the required basic infrastructure including communication and information technology facilities.

(b) The Recipient shall maintain, throughout the implementation of the Project, the COMESA Secretariat and the CAADP Coordination Unit, with staff in numbers and with functions, terms of reference, qualifications and experience, and resources satisfactory to the World Bank, for the purpose of ensuring the prompt and efficient implementation of the Project.

(c) The Recipient shall:

(i) not later than three (3) months after the date of countersignature of this Agreement, recruit an accountant for the Project activities, with terms of reference, qualifications and experience satisfactory to the World Bank; and

(ii) not later than six (6) months after the date of countersignature of this Agreement recruit an external auditor to carry out the Project audits, with terms of reference, qualifications and experience satisfactory to the World Bank.

(d) The Recipient shall:

(i) draft an Annual Work Plan and Budget (AWP &B) for each fiscal year of the Recipient, setting forth, *inter alia*, a detailed description of activities for the following fiscal year ; the sources and uses of funds; and responsibility for execution for the activities under the Project, budgets, start and completion dates, outputs, and monitoring indicators to track progress;

(ii) not later than November 1 of each fiscal year, furnish to the World Bank for its comments and approval, the draft AWP&B and, promptly thereafter, finalize the AWP&B taking into account the World Bank's views and recommendations thereon; and

(iii) adopt and sign the final version of the AWP&B in the form approved by the World Bank not later than December 31 of such fiscal year.

2.04. ***Donor Visibility and Visit.*** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures within its mandate to assist the Donors' in visiting any part of the Member Countries' territories.

2.05. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

(b) 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 June 30, 2014.

2.06. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

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

(c) The Recipient shall ensure that the Financial Statements for the project are audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The Recipient shall ensure that the audited Financial Statements for each period are furnished to the World Bank not later than six months after the end of such period. The recipient shall disclose the audited financial statements to the public in a manner acceptable to the Bank. Also, the Recipient agrees that upon receipt of these statements, the Bank will make them available to the public in accordance with The World Bank Policy on Access to Information.

2.07. *Procurement*

(a) General. All goods and 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:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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 the Procurement Guidelines, or] the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods [shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) National Competitive Bidding subject to the following additional provisions in all cases of National Competitive bidding, given the regional nature of COMESA, at the option and discretion of COMESA, advertising of bidding opportunities may be made in one or more member countries; (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use:

(A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection; (E) Selection of Individual Consultants; and (F) Sole Source Procedures for the Selection of Individual Consultants.

(e) 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.

**Article III
Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, consultants’ services; Training and Workshops; and Operating Costs under the Project	4,500,000	100%
TOTAL AMOUNT	4,500,000	

For the purpose of this Section, the term:

(a) “Operating Costs” means expenditures incurred by the Recipient to finance the cost under the Project of: (i) per diem and travel expenses of the staff to perform their responsibilities under the Project; (ii) communication technology (including without limitation, internet and telephone); (iii) office equipment maintenance; (iv) translation services, photocopies and publications; (v) bank charges; and (vi) utilities and office supplies; and any other expenditures that may be agreed to between the World Bank and the Recipient from time to time.

(b) “Training and Workshops” means reasonable expenditures (other than those for consultants’ services) incurred by the Recipient to finance transportation costs and per diem of trainers and trainees, rental of training facilities and acquisition of training material needed for the implementation of the Project.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2013.

Article IV

Additional Remedies

4.01. **Additional Event[s] of Suspension.** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

- COMESA Treaty has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

Article V

Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Secretary General.

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

COMESA Secretariat
Ben Bella Road
P.O. Box 30051
Lusaka, Zambia
Facsimile:
+260 211 227318

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

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

Cable:

Telex:

Facsimile:

INTBAFRAD

INDEVAS

Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

APPENDIX
Modifications to the Standard Conditions and the Anti-Corruption Guidelines

Section I. The Standard Conditions are modified as follows:

1. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

... (j) *Ineligibility*. IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Paragraph 17 and 18 of the Appendix (**Definitions**) are modified to read as follows:

“17. “Member Country” means the member of the World Bank in whose territory the Project is carried out or any of such member’s political or administrative subdivisions. If the Grant is extended by the World Bank to such member as a party to the Grant Agreement, the term “Member Country” and “Recipient” refer to the same entity. If the Project is carried out in the territory of more than one member of the World Bank, “Member Country” refers separately to each such member.

18. “Project” means the Project for which the Grant is made. If the Project is carried out in the territory of more than one Member Country, “Project” refers separately to the Project of each such Member.”

Section II. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”