Financing Agreement

(Livestock and Dairy Development Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between PEOPLE’S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to three hundred fifty six million eight hundred thousand Special Drawing Rights (SDR 356,800,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.

2.06. The Payment Dates are February 1 and August 1 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely that, the Project Implementation Manual referred to in Section I.A.6 of Schedule 2 to this Agreement has been issued and put into effect in a manner satisfactory to the Association.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Senior Secretary/Secretary, any Additional Secretary, the Joint Secretary/Joint Chief, the Deputy Secretary/Deputy Chief, the Senior Assistant Secretary/Senior Assistant Chief or the Assistant Secretary/Assistant Chief of the Economic Relations Division of the Recipient's Ministry of Finance.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Economic Relations Division
Ministry of Finance
Sher-e-Bangla Nagar
Dhaka 1207
Bangladesh; and
(b) the Recipient’s Electronic Address is:

Facsimile: E-mail: +88029180788 / +88029180671 secretary@erd.gov.bd

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

PEOPLE’S REPUBLIC OF BANGLADESH

By

[Signature]

Authorized Representative

Name: Monowar Ahmed
Title: Secretary
Date: December 19, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Dandan Chen
Title: Acting Country Director
Date: December 19, 2018
SCHEDULE 1

Project Description

The objective of the Project is to improve productivity, market access, and resilience of small-holder farmers and agro-entrepreneurs operating in selected livestock value chains in target areas.

The Project consists of the following parts:

**Part A: Productivity Improvement**

**A.1 Producer Organizations (POs)**

Support (i) strengthening/establishment of POs as a means to deliver training (including on improving climate resilience), inputs and marketing support to smallholder farmers; (ii) support investments to; (a) map existing POs and analytics to inform large scale mobilization of women in POs; (b) form or consolidate POs into more formal structures; (c) develop knowledge and skills through Livestock Farmers’ Field Schools (LFFS) for business development including with tailored focus on women; (d) mobilize and train locally recruited LSPs; (e) equip farmers with the necessary skills to become more climate resilient; and (f) support deployment of ICT to support financial management of the POs and use of INAPH for production and market data; (iii) finance behavioral change communication and targeted skills training targeting POs and small farmers through LFFs’ and separately for local government representatives and family members for sensitization on women’s participation; and (iv) provision of basic business development training skills, all facilitated through a network of LSPs.

**A.2 Improved climate smart production practices**

(i) Finance the POs strengthened/established under sub-component A.1 to sustainably increase productivity and improve the quality and safety of animal products delivered by small- and medium-scale farmers; (ii) support investments in key demonstration equipment and facilities and activities to improve producers’ knowledge and access to services including demonstration fodder nurseries; and (iii) finance through Sub-Grants, various eligible Sub-Projects of POs with the support of the LSPs.

**Part B: Market Linkages and Value Chain Development**

**B.1 Market linkages and investments along the value chains**

Support (i) improvement of market linkages through; (a) entering into Productive Partnerships (PPs) between POs’ and ABs’ and; (b) promoting direct marketing by POs located close to demand; (ii) rural access financing by financing POs and ABs’ Business
Plans through Matching Grants; and (iii) funding of service providers that assist POs and ABs’ in the development of their technical and business proposals.

B.2 Critical and climate resilient public infrastructure for livestock development

Support (i) in the form of sub-grants, financing of various eligible Sub-Projects targeting public and collective climate resilient infrastructure for value chain development to address the barriers to livestock processing, food safety and marketing; (ii) financing of an initial in-depth analysis of needs and options in terms of technology and management; (iii) finance a feasibility study for a potential total mixed ration/densified total mixed ration manufacturing plant; and (iv) mobilize private sector investments by entering into contractual arrangements for the operation of any new or upgraded government owned facilities that are critical to livestock value chains, like large-scale processing plants, slaughter and market facilities, collection centers, milk chilling and cooling facilities, and renewable energy installations (solar panels, bio-digesters) at the relevant livestock infrastructure.

B.3 Consumer Awareness and Nutrition

(i) Support the undertaking of behavioral change communication and public education campaign through traditional and new media tools to raise awareness about climate adaptation/mitigation, overall appropriate nutrition practices, focusing on pregnant and lactating mothers and children under two years for maximum nutrition impact, the importance of animal source foods in diets, food safety and hygiene; and (ii) support in the form of Sub-grants, financing various eligible Sub-projects targeting dairy enterprises for exhibiting and demonstrating safe and nutritious dairy products to school children and further stimulating demand and behavioral change.

Part C: Improving Risk Management and Climate Resilience of Livestock Production Systems

C.1. Institutional capacity development and knowledge platform

(i) Support the strengthening of the capacity of the MoFL and the overall institutional framework governing this sub-sector; (ii) strengthen policy advisory services, knowledge and innovation capacity and critical sub-sector information systems; (iii) implement the human resources development plan and support the carrying out of broad risk analysis to underpin the development of a national risk management plan; (iv) finance the establishment of a network of LSPs to support capacity building for POs within sub-components A.1 and A.2; (v) support the establishment of a livestock knowledge platform having representatives of government, private sector, financial sector and academia to generate policy advisory services and support evidence-based policy making and promote innovations and guide the establishment of a livestock information systems; (vi) support academic and vocational training by financing direct training modules or scholarships (including foreign and in-country, study tours, local training, workshops, seminars) for
DLS staff, farmers, and local livestock service providers, to produce a group of high-quality graduates with necessary skills to spur the development of livestock, meat and dairy value chains; promote national and international partnerships to strengthen research capacities; and (vii) finance feasibility studies for the possible establishment of new institutions to complement or reconfigure existing institutional set-up for livestock services delivery and strengthen the institutional framework.

C.2. Food safety and public health

Support the (i) improvement of food safety regulations and their enforcement, quality standards for dairy and meat products, and feed; (ii) development of standard operating procedures for control and certification of operators, facilities, dairy and meat products and feed; (iii) introduction of traceability systems for supply chains, building on the INAPH; (iv) provision of training and demonstration of food safety modalities at farm, transport, slaughtering, processing and retail level/s; (v) develop a system for safe food production, processing, marketing and if necessary strengthen the expansion of laboratory capacity at central and regional level for testing food and feed samples and building a centralized database of food borne illness incidents; and (vi) training and skills development for farmers, service providers, DLS staff, processors, retailers, and consumers leveraging the use of ICT.

C.3 Livestock insurance

Support the establishment of a livestock insurance pilot program including by inter-alia: (i) supporting the establishment of pre-conditions for livestock insurance; (ii) financing Premium Payments to selected insurance companies for the benefit of farmers as per the PIM; (iii) financing awareness campaigns including financial literacy campaigns; and (iv) providing support for the operational and distribution options and assistance to pre-selected corporations and foundations of selected districts as per the PIM to act as partner-agent for livestock insurance distribution.

C.4 Contingency emergency response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

Part D: Project Management, Monitoring and Evaluation

Provision of technical support to: (i) to establish capacity-building of the PMU and PIUs for the implementation of Sub-Grants, Matching Grants and the PPs; including building capacity to focus on demand-led approaches, market approaches; and carry out Project monitoring and evaluation activities; and (ii) establish a data and information center within DLS.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project steering committee

By no later than one (1) month after the Effective Date, the Recipient shall establish, and thereafter maintain throughout the course of Project implementation, a steering committee with a mandate, functions, composition and resources satisfactory to the Association. Without limitation to the immediately foregoing provision, said steering committee shall: (a) be chaired by the MoFL Secretary and comprise representatives from the relevant ministries/agencies involved in Project implementation; and (b) meet at least every six (6) months to: (i) provide strategic and policy direction on all Project activities; (ii) review progress in Project implementation; and (iii) address any obstacle during Project implementation.

2. Project implementation committee

By no later than one (1) month after the Effective Date, the Recipient shall establish, and thereafter maintain throughout the course of Project implementation, a Project implementation committee chaired by the Director General, DLS, with a mandate, functions and resources satisfactory to the Association, and with members in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association.

3. Project management unit and project implementation unit(s)

(a) By no later than one (1) month after the Effective Date, the Recipient, through DLS, shall establish and thereafter maintain, throughout the period of implementation of the Project, a Project management unit ("PMU"), with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation to the immediately foregoing provision, said unit shall: (a) be headed by one (1) Project director and supported by one Chief Technical Coordinator and five (5) Deputy Project Directors; and (b) be staffed with technical experts and specialists in, inter alia, procurement, financial management, safeguards and monitoring and evaluation and reporting; and (c) be responsible for inter alia the day to day supervision and implementation of the Project including the implementation of the PPs' and the Matching Grants' and reporting to, the Project steering committee and liaising with the Association on
any matters related to the progress of the Project and the use of the proceeds of the Financing.

(b) By no later than one (1) month after the Effective Date, the Recipient, through DLS, shall establish and thereafter maintain, throughout the period of implementation of the Project, eight (8) Project implementation unit(s) ("PIU(s)"), within each divisional livestock office with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association, responsible for the day to day supervision and implementation of the Project.

4. Livestock insurance unit

By no later than one (1) month after the Effective Date, the Recipient, shall establish and thereafter maintain, throughout the period of implementation of the Project, a livestock insurance unit within the PMU, with functions and resources satisfactory to the Association, and with dedicated staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation to the immediately foregoing provision, said unit shall be responsible for the overall implementation and management of the livestock insurance pilot program under Part C.3 of the Project, including the provision of Premium Payments, in accordance with the rules and procedures set forth in the PIM.

5. Design and supervision consultant

By no later than three (3) months after the Effective Date, the Recipient, through the PMU shall engage the services of a Design and Supervision consultant with qualifications, experience and terms of reference satisfactory to the Association with the purpose of supporting PMU in inter alia the preparation of feasibility studies, procurement packages for the Project and for the supervision of the work in coordination with the DLS and the other relevant ministries.


The Recipient shall issue and thereafter maintain throughout the course of Project implementation the Project Implementation Manual and the Grant Manual, in a manner satisfactory to the Association, which shall set forth the rules and procedures for implementing the Project. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived any provisions of the said manuals thereof. In the event of a conflict between the provisions of the said manuals and those of this Agreement, the terms of this Agreement shall prevail.
B. Sub-Projects under Parts A.2(iii), B.2(i) and B.3(ii) of the Project

For purposes of carrying out the Sub-Projects, under Parts A.2(iii), B.2(i) and B.3(ii) of the Project respectively (hereinafter referred to as "Sub-Projects"), the Recipient shall:

(a) review and appraise all the Sub-Projects' proposals in accordance with the terms and conditions of the Grant Manual; and

(b) after ensuring that all the pre-requisites set out in the Grant Manual have been fulfilled with, make a Sub-Grant under a Sub-Project Grant Agreement with the respective selected Beneficiary under terms and conditions acceptable to the Association, which shall include, *inter alia*:

(i) the Beneficiary's obligations 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 Association; (ii) to maintain policies and procedures to enable it to monitor and evaluate the progress of the Sub-Grant in accordance with indicators acceptable to the Association; (iii) prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association; (iv) provide in cash or in kind contributions as per the Grant Manual and in a timely manner to cover the cost of the Sub-Project; (v) procure the goods, works and services to be financed out of the Sub-Grant in accordance with the provisions of this Agreement; (vi) complete the carrying out of the Sub-Project before the Closing Date; (vii) maintain policies and procedures to enable to monitor the progress of the Sub-project and the achievement of its objectives; (viii) abide by, and comply with, the terms and conditions of the ESMF, SECDF, PMP and RPF, as applicable; and (ix) accept physical or documentary inspection by the Association, in relation to the carrying out of the Sub-project;

(ii) ensure that the Sub-Project Grant Agreement contain a detailed list of the eligible expenditures that can be financed through the Sub-Grant;

(iii) the Recipient's right to 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 Sub-Grant then
withdraw, upon the Beneficiary’s failure to perform its obligations under the Sub-Project Grant Agreement; and

(iv) each Beneficiary shall consent the right of restitution of any amounts of the Sub-Grant disbursed under the Sub-Project Grant Agreement with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid.

C. Matching Grants for POs and ABs under Part B.1(ii) of the Project

1. The Recipient through DLS, shall ensure that Matching Grants are made available to eligible Beneficiaries pursuant to the eligibility criteria and procedures detailed in the Grant Manual along with the PIM.

2. Prior to the transfer of any amount to a Beneficiary, on account of a Matching Grant for an approved Business Plan, the Recipient shall ensure that DLS has entered into a Grant Agreement with the Beneficiary, under terms and condition acceptable to the Association, which agreement shall provide, inter-alia, that:

(a) the requirement that all activities financed by the Matching Grants be carried out in accordance with the PIM and the Grant Manual, with due diligence and efficiency and in accordance with sound technical, financial, social, environmental and managerial standards, including 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", and that adequate records to reflect the financing, operations, resources and utilization of the funds be maintained;

(b) each Beneficiary shall: (A) establish and/or maintain rules and procedures that would allow the Recipient, and/or the Association to carry out supervision and monitor the implementation of the activities; (B) prepare and furnish to the Recipient, and/or the Association, all such information that the Recipient, and/or the Association shall reasonably request in relation to the Matching Grant; (C) ensure that the activities financed out of the Matching Grant are completed before the Closing Date; (D) abide by, and comply with, the terms and conditions of the ESMF, SECDF, PMP and RPF, as applicable; and (E) accept random and/or unannounced physical or documentary inspections by the Recipient, and/or the Association for the monitoring of, and in relation to, the carrying out of the activities financed under the Matching Grant;

(c) ensure that the Grant Agreement contain a detailed list of the eligible expenditures that can be financed through the Matching Grant; and
each Beneficiary shall consent to the right of restitution of any amounts of the Matching Grant disbursed with respect to which fraud and corruption has occurred, or with which an ineligible expenditure has been paid.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF (which shall include the RPF and the SECDF), PMP and all Safeguard Assessments and Plans and the requirements of the Grievance Redress Mechanism.

2. Whenever an additional or revised Safeguard Assessment and Plan shall be required for any proposed Project activity under the Project, in accordance with the provisions of the ESMF, the PMP, the RPF and/or the SECDF, the Recipient shall:

   (a) prior to the commencement of such activity, proceed to have such Safeguard Assessment and Plan: (i) prepared and publicly consulted on in accordance with the provisions of the ESMF, the PMP, the RPF and the SECDF, as the case may be; (ii) furnished to the Association for review and clearance; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;

   (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan; and

   (c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall, ensure, and cause the Beneficiaries to ensure, that: (a) any land required for the Project (including any activities carried out under the Sub-Grants and Matching Grants) shall be procured on a willing-buyer/willing-seller basis or obtained as a voluntary donation/bequest, or any other voluntary means duly documented; and (b) any expenditures associated with such acquisition be financed exclusively out of the Recipient's or the Beneficiaries' own resources, as the case may be.

4. The Recipient shall ensure, and cause the Beneficiaries to ensure, that, prior to commencing any activities under the Project, and/or the respective Sub-Projects: (a) all necessary governmental permits and clearances for such activities shall have been obtained from the competent governmental authority/ies; and (b) all pre-
conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled.

5. The Recipient shall ensure, and cause the Beneficiaries to ensure, that, each contract for civil works under the Project (including the Sub-Grants and Matching Grants) include the obligation of the relevant contractor to comply with the relevant Safeguard Assessment and Plan applicable to said civil works.

6. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the PMP, the RPF, the SECDF or any Safeguard Assessments and Plans, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

7. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a bi-annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, the PMP, the RPF, the SECDF and the Safeguard Assessments and Plans, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

8. In the event of any conflict between the provisions the ESMF or any Safeguard Assessments and Plans, and the provisions of this Agreement the provisions of this Agreement shall prevail.

E. Contingency Emergency Response

1. In order to ensure the proper implementation of contingency emergency response activities under Part C.4 of the Project ("Contingent Emergency Response Part"), the Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, an annex to the PIM (the "CERC Annex") which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the any relevant safeguard instruments to
the Contingency Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Contingent Emergency Response Part, as such annex may be modified from time to time with the prior written approval of the Association;

(b) afford the Association a reasonable opportunity to review the proposed CERC Annex;

(c) promptly adopt the CERC Annex for the Contingent Emergency Response Part as accepted by the Association;

(d) ensure that the Contingent Emergency Response Part is carried out in accordance with the CERC Annex; provided, however, that in the event of any inconsistency between the provisions of the CERC Annex and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CERC Annex without the prior written approval by the Association.

2. The Recipient shall ensure that no activities are undertaken under the Contingency Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) all safeguards instruments as may be required for said activities have been prepared and disclosed in accordance with the CERC Annex, the Recipient has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

3. Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in Part C.4 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CERC Annex.
F. Expenditures to be Exclusively Financed with Counterpart Funds

The Recipient shall ensure that the following expenditures are financed exclusively out of its own resources and not out of the proceeds of the Credit: (i) all land required for the purposes of the Project; (ii) all resettlement and rehabilitation compensation and other assistance to Affected Persons, in accordance with the RAPs; (iii) purchase of vehicles other than 360 ambulatory veterinary clinics; (iv) recurrent expenditures such as workshop allowances, sitting allowances, cash per diems, honoraria and fuel; and (v) customs duty-value added taxes.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes and except for items listed in Section I.F of this Schedule 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods (excluding vehicles, mobile slaughtering houses other than 360 ambulatory veterinary clinics), works, non-consulting services, consulting services, Incremental Operating Costs and Training Costs of the Project (except for Parts)</td>
<td>126,350,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date;

   (b) under each of the Categories (2), (3)(a) and (b) and (4) until the Recipient submits evidence satisfactory to the Association showing that the Grant

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<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.2(iii), B.1(ii), B.2(i), B.3(ii) and C.3(ii) of the Project</td>
<td>162,780,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-Grants under Part A.2(iii) and B.2(i) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Matching Grants under Part B.1(ii) of the Project as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) MSEs not exceeding USD 300,000 and MSSEs not exceeding USD 100,000</td>
<td>18,400,000</td>
<td>50%</td>
</tr>
<tr>
<td>(b) POs not exceeding USD 100,000</td>
<td>3,750,000</td>
<td>90%</td>
</tr>
<tr>
<td>(4) Sub-Grants under Part B.3(ii) of the Project</td>
<td>21,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Premium Payments under Part C.3(ii) of the Project</td>
<td>600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Emergency Expenditures under Part C.4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Refund of Project Preparation Advance</td>
<td>870,000.00</td>
<td></td>
</tr>
<tr>
<td>(8) Unallocated funds</td>
<td>22,650,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>356,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Manual has been issued by DLS in a manner satisfactory to the Association; and

(c) for Emergency Expenditures under Category (6), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

(i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, (B) has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and (C) the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.E of this Schedule 2 to this Agreement;

(iii) the entities in charge of coordinating and implementing the Contingent Emergency Response Part, has provided sufficient evidence satisfactory to the Association that it has adequate staff and resources for the purposes of said activities; and

(iv) the Recipient has adopted the CERC Annex, as part of the PIM, in form and substance acceptable to the Association, and the provisions of the CERC Annex remain relevant or have been updated in accordance with the provisions of Section I.D of the Schedule to this Agreement so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.

2. The Closing Date is September 30, 2023.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing February 1, 2024 to and including August 1, 2043</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing February 1, 2044 to and including August 1, 2048</td>
<td>3.40%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.
APPENDIX

Definitions

1. “Affected Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

2. “Agribusinesses” or “ABs” means private enterprises (micro, small, medium or large), including MSEs and MSSEs, operating in livestock system or livestock value and supply chains.

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General 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. “Beneficiary” means (i) a PO or an AB, including a MSE or MSSE, benefiting from a Sub-Grant or a Matching Grant; or (ii) a DE benefiting from a Sub-Grant, after respectively meeting the selection criteria set forth in the Grant Manual.

5. “Business Plan” means: in the case of Matching Grants, a plan prepared by the POs, MSEs, or MSSEs in accordance with the procedures and formats prescribed in the Grant Manual and approved by the PMU;

6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

7. “CERC Annex” means an Annex to the PIM referred to in Section I.E of the Schedule 2 to this Agreement, acceptable to the Association to be adopted by the Recipient for the implementation of the Contingent Emergency Response Part.

8. “Contingent Emergency Response Part” means Part C.4 of the Project, as described in Section I.E. of Schedule 2 to this Agreement.

10. "Department of Livestock Services" or "DLS" means the Recipient’s Department of Livestock Services of the Recipient’s Ministry of Fisheries and Livestock, or its successor thereto.

11. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

12. "Emergency Expenditure" means any of the eligible expenditures set forth in the CERC Annex in accordance with the provisions of Section I.E of Schedule 2 to this Agreement, and required for the activities described in such Annex to be financed under the said CER Part.

13. "Environmental Impact Assessment" or "EIA" means each of the environmental impact assessments to be prepared under the Project in accordance with the ESMF, each such assessment in form and substance satisfactory to the Association, and defining details of potential environmental risks and adverse impacts associated with the implementation of Project activities, together with an environmental management plan defining measures to manage such risks and impacts; as each assessment may be amended from time to time with prior written consent of the Association.

14. "Environmental and Social Management Framework" or "ESMF" means the Project environmental management and social framework duly disclosed on April 04, 2018, acceptable to the Association, setting forth the policy framework, principles, standards, processes and institutional arrangements to be applied the Project to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting as well as a description of the process for preparing and approving EMPs during the implementation of the Project; as such framework may be amended from time to time with the prior written consent of the Association.

15. "Environmental Management Plan" or "EMP" means each of the environmental management plans to be prepared under the Project in accordance with the ESMF, each such plan in form and substance satisfactory to the Association, and defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of Project activities, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms; as each plan may be amended from time to time with prior written consent of the Association.

17. "Grant Agreement" means an agreement to be entered between the DLS and a Beneficiary for purposes of providing a Matching Grant.

18. "Grant Manual" means the manual referred to in Section I.A.6 of Schedule 2 to this Agreement, containing detailed criteria, arrangements and procedures for financing Sub-Projects.

19. "Grievance Redress Mechanism" means the system to be established and implemented under the Project, which shall meet the requirements set forth in the ESMF and be acceptable to the Association, be designed to track complaints regarding the Project, guide resolution of such complaints, and track and publicize resolution of such complaints, as such system may be updated from time to time by prior written agreement between the Recipient and the Association.

20. "ICT" means information and communication technology.

21. "Incremental Operating Costs" means the reasonable incremental costs required for the day-to-day coordination, administration and supervision of Project activities, including Project contract staff salaries, leasing, repair and/or maintenance of equipment, facilities and office premises; vehicle rent; office supplies and utilities; consumables; communication expenses; translation, printing, photocopying and postal expenses; bank charges; advertising expenses; insurance costs associated to clearance, forwarding, inspection and transportation of goods; and Project-related meeting expenses and/or Project-related travel expenses provided that said expenses are paid to the eligible recipient through banking system (except for petty cash expenses following the Recipient’s applicable existing policy on petty cash expenses); but excluding fuel, salaries (other than those set forth above), per diem, sitting allowances, honorarium and/or allowances of any nature.

22. "Information Network for Animal Productivity and Health" or "INAPH" means information system on livestock production, value chains and markets.

23. "Livestock Farmer Field School" or "LFFS" means an informal school set up by farmers for access to education, information, extension services, market access and financial capital.

24. "Livestock Service Providers" or "LSPs" means public or private extension and advisory actors providing different forms of support (input and services supply including training, information, technical assistance, fiduciary, advisory, etc.) to
Producer Organizations, ABs and farmers in the preparation of Sub-project proposals and implementation of approved Sub-Projects.

25. “Matching Grant” means a grant awarded by the DLS through the PMU and PIU(s) to a Beneficiary for purposes of financing a Business Plan under Part B.1(ii) of the Project, pursuant to the selection criteria and procedures set forth in the Grant Manual.

26. “Ministry of Fisheries and Livestock” and “MoFL” means the Recipient’s ministry of fisheries and livestock, or its successor thereto.

27. “MSEs” means mid-sized enterprises as identified pursuant to the criteria and thresholds set out in the Grant Manual.

28. “MSSEs” means micro and small sized enterprises, as identified pursuant to the criteria and thresholds set out in the Grant Manual.

29. “Pest Management Plan” or “PMP” means the Project pest management plan duly disclosed on April 04, 2018, acceptable to the Association, setting forth a set of actions, measures and policies to promote the use of a combination of environmentally and socially friendly practices, reduce reliance on synthetic chemical pesticides and ensure that health, social and environmental hazards are minimized.

30. “Project Implementation Manual” or “PIM” means the implementation manual referred to in Section I.A.6 to the Schedule 2 to this Agreement, containing detailed arrangements and procedures for the carrying out the Project; as such manual may be revised from time to time with the written consent of the Association.

31. “Project Implementation Unit” or “PIU” means the project management unit to be established for the purpose of implementing the Project and referred to in Section I.A.1 of Schedule 2 to this Agreement.

32. “Producer Organization” or “PO” means a group of individuals organized around a common economic activity, a cooperative thereof formed for the purpose of enhancing business production (agriculture and non-agriculture) and access to services and markets.


34. “Productive Partnerships” or “PPs” mean the agreement/s entered into between POs and ABs for improving commercialization of products and the supply of inputs, leveraging credit, and ultimately contributing to strengthening supply
chains. PPs specify: (a) product quality; (b) quantity to be produced and purchased; (c) delivery modalities: how the product will be delivered, when, and in what condition; (d) payment and price determination criteria; and (e) each partner’s contribution to the partnership.

35. “Project Management Unit” or “PMU” means the project management unit to be established for the purpose of implementing the Project and referred to in Section I.A.3 of Schedule 2 to this Agreement.

36. “Project Preparation Advance” means the agreement entered into between the Recipient and the Association, signed on behalf of the Association and the Recipient on August 13, 2017, as amended, for supporting the financing of the Project preparation activities.

37. “Resettlement Action Plan” or “RAP” means each plan to be prepared under the Project in accordance with the RPF, each such plan in form and substance satisfactory to the Association, and containing, a program of actions, measures and policies for compensation and resettlement of Affected Persons, including the magnitude of displacement, compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms; as each resettlement action plan may be amended from time to time with the prior consent of the Association.

38. “Resettlement Policy Framework” or “RPF” means the Project resettlement framework duly disclosed on April 04, 2018, acceptable to the Association, setting forth the principles and objectives governing resettlement preparation and implementation, as well as a description of the process for preparing and approving RAPs during the implementation of the Project; as such framework may be amended from time to time with the prior consent of the Association.

39. “Safeguard Assessment and Plan” means each EIA, SIA, EMP, SMP, SECDF, PMP and/or RAP prepared or to be prepared during the implementation of the Project, as the case may be, in accordance with the ESMF, the RPF and the SECDF, as the case may be; and “Safeguard Assessments and Plans” means, collectively, all such assessments and plans.

40. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

41. “Small Ethnic Communities” means, for purposes of the Project and in a generic sense, distinct, disadvantaged, social and cultural groups (including tribes, minor races, ethnic sects and communities) possessing the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural
group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society; and (d) an indigenous language, often different from the official language of the country or region.

42. “Small Ethnic Communities Development Framework” “SECDF” means the Project framework disclosed on April 04, 2018, acceptable to the Association, setting forth the policies and procedures to ensure that ethnic and disadvantaged communities affected by the Project receive culturally appropriate social and economic benefits, and if any potential adverse effects on such communities are identified, measures to ensure their effects are avoided, minimized, mitigated, or compensated, as well as a description of the process for preparing and approving SECDPs during the implementation of the Project, as said framework may be amended from time to time with the prior written consent of the Association.

43. “Small Ethnic Communities Development Plan” or “SECDP” means each plan to be prepared in accordance with the SECDF, each such plan in form and substance satisfactory to the Association, defining the specific actions, measures and policies designed to address any impact on Small Ethnic Communities; as said plan may be amended from time to time with the prior written consent of the Association.

44. “Social Impact Assessment” or “SIA” means each social impact assessment to be prepared under the Project in accordance with the ESMF, each such assessment in form and substance satisfactory to the Association, and defining details of potential social risks and adverse impacts associated with the implementation of Project activities, together with measures to manage such risks and impacts; as each assessment may be amended from time to time with prior written consent of the Association.

45. “Social Management Plan” or “SMP” means each of the social management plans to be prepared under the Project in accordance with the ESMF, each such plan in form and substance satisfactory to the Association, and defining details of measures to manage potential social risks and mitigate, reduce and/or offset adverse social impacts associated with the implementation of the Project, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms; as each plan may be amended from time to time with prior written consent of the Association.

46. “Sub-Grant” means any grant awarded by the PMU and PIU(s) to a Beneficiary for purposes of financing a Sub-Project, pursuant to Section I.B of the Schedule 2 to this Agreement and the selection criteria and procedures set forth in the Grant Manual.
47. "Sub-Project" means a set of goods, works and services, which have met the criteria set out in the Grant Manual and to be financed under Parts A.2(iii), B.2(i) and B.3(ii) of the Project.

48. "Sub-Project Grant Agreement" means an agreement to be entered between the DLS and a PO, AB or DE for purposes of providing a Sub-Grant.

49. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

50. "Training Costs" means the reasonable costs required for the participation of personnel involved in training activities, conferences, seminars and workshops under the Project, which have been approved by the Association in writing on an annual basis, including: (a) travel, hotel, and subsistence costs associated to training, conferences, seminars and workshops provided that such costs are paid directly to the eligible recipient using the banking system; and (b) costs associated with rental of training, conference, seminar and workshop facilities; preparation and reproduction of training, conference, seminar and workshop materials; costs of academic degree studies; and other costs directly related to preparation and implementation of any training course or workshop; but excluding sitting allowances, workshop allowances and honorarium of any nature.