

GAFSP GRANT NUMBER TF017904

***Global Agriculture and Food Security  
Program Trust Fund  
Grant Agreement***

(Corredor Seco Food Security Project)

between

REPUBLIC OF HONDURAS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as supervising entity of the Global Agriculture and Food Security Program  
Trust Fund

Dated November 11, 2015

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM TRUST FUND  
GRANT AGREEMENT**

AGREEMENT dated November 11, 2015 entered into between:

REPUBLIC OF HONDURAS ("Recipient"); and

INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator and supervising entity of the Global Agriculture and Food Security Program Trust Fund.

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated February 15, 2012 ("Standard Conditions"), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in Section II of the Appendix to this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient, through INVEST-H shall: (i) cause the Operators to carry out Parts 1 and 2 of the Project; and (ii) carry out Part 3 of the Project, all in accordance with the provisions of Article II of the Standard Conditions, and the respective Operator Contracts.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **Article III The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to thirty million United States Dollars (\$30,000,000) ("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 World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

### **Article IV Additional Remedies**

- 4.01. the Additional Events of Suspension referred to in Section 4.02 (k) of the Standard conditions consist of the following:
  - (a) Any Operator has failed to comply with any of its obligations under its respective Operator Contract.
  - (b) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

### **Article V Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:
  - (a) that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action; and



- (b) that at least one Operator has been selected in accordance with Section I.B.1 (a) of Schedule 2 to this Agreement.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Sections 5.01 and 5.02 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred and twenty (120) days after the date of this Agreement (the Effectiveness Deadline), unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

#### **Article VI**

##### **Recipient's Representative; Addresses**

- 6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister (*Secretario*) of SEFIN.
- 6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Secretaría de Estado en el Despacho de Finanzas  
Dirección General de Crédito Público  
Avenida Cervantes, Barrio El Jazmín  
Tegucigalpa, M.D.C.  
Honduras, C.A.

Facsimile:  
(504) 2237-4142

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

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Tequigalpa, Republic of Honduras as of the day and  
year first above written.

**REPUBLIC OF HONDURAS**

By

Authorized Representative

Name:

Title:



**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
(acting as supervising entity of the Global Agriculture and  
Food Security Program Trust Fund)

By

Authorized Representative

Name:

Title:



## SCHEDULE 1

### Project Description

The objective of the Project is to enhance food and nutritional security of vulnerable households in Selected Areas of the *Corredor Seco*.

The Project consists of the following parts:

#### **Part 1. Food Production and Rural Household Income Generation.**

- (a) Increasing the agricultural production, productivity and market efficiency of individual producers, producer groups and market intermediaries through:
  - (i) the provision of technical assistance, Training and extension services for:
    - (A) (1) the development of Business Plans for the introduction of high value crops and the development of marketing investments; and (2) the development of Food Security Plans for the production of subsistence crops and nutritious garden vegetables;
    - (B) assisting Agricultural Beneficiaries for the implementation of Agricultural Subprojects based on Food Security Plans; and assisting Agricultural Beneficiaries for the implementation of Agricultural Subprojects based on Business Plans;
    - (C) the introduction of new production technologies, good agricultural practices, environmental management techniques, climate-smart technologies;
    - (D) the improvement of access to new markets through, *inter alia*: (1) adapting production to market demand and standards; (2) obtaining fair trade and organic farming certifications; (3) developing marketing alliances with buyers; (4) improving the negotiation skills of individual producer and producer groups and organizing business roundtables; (5) liaising with institutional buyers; and (6) organizing transport and other logistics;
    - (E) the creation and management of rural organizations (producer cooperatives, producer groups, water user associations, SLS and women's groups), including *inter alia*, providing: (A) assistance for obtaining legal status; and (B) financial literacy training; and

- (F) the promotion and monitoring of Agricultural Subprojects, the facilitation of the evaluation process, and the assurance of citizen engagement; and
  - (ii) the implementation of Agricultural Subprojects for the benefit of Agricultural Beneficiaries.
- (b) Supporting non-farm revenue and employment generation of rural groups and rural businesses through:
  - (i) the provision of technical assistance and Training for:
    - (A) assisting Business Development Beneficiaries for the development and implementation of Business Development Subprojects based on Business Development Plans;
    - (B) the improvement of access to new markets through, *inter alia*: (1) adapting production to market demand and standards; (2) developing marketing alliances with buyers; and (3) improving the negotiation skills of Business Development Beneficiaries;
    - (C) strengthening enterprises to obtain legal status, and provide financial literacy training; and
    - (D) the promotion and monitoring of Business Development Subprojects, the facilitation of the evaluation process, and the assurance of citizen engagement; and
  - (ii) the implementation of Business Development Subprojects for the Benefit of Business Development Beneficiaries.

## **Part 2. Nutrition Education and Household Hygiene.**

- (a) Improving nutrition education and the Growth Monitoring Program through:
  - (i) the development and production of communication materials to raise awareness on, *inter alia*, chronic malnutrition and its implications;
  - (ii) the development and carrying out of nutrition education Training, including the development and provision of teaching materials for stakeholders including, *inter alia*, agriculture extension agents, health workers, community leaders and Nutrition Volunteers, on *inter alia*, the recommended diet for pregnant mothers and children below five years and the need for consumption of locally produced nutritious foods;



- (iii) the provision of technical assistance and training for the carrying out and expansion of the AIN-C activities;
  - (iv) the provision of training to health workers, health supervisors and Nutrition Volunteers;
  - (v) the provision of technical assistance and Training for the development and implementation of Community Nutrition Subprojects based on Community Nutrition Plans;
  - (vi) the promotion and monitoring of Community Nutrition Subprojects, the facilitation of the evaluation process, and the assurance of citizen engagement; and
  - (vii) the implementation of Community Nutrition Subprojects for the benefit of Community Nutrition Beneficiaries.
- (b) Improving household hygiene through:
- (i) assisting Household Hygiene Beneficiaries for the implementation of Household Hygiene Subprojects based on Household Hygiene Plans;
  - (ii) the promotion and monitoring of Household Hygiene Subprojects, the facilitation of the evaluation process, and the assurance of citizen engagement; and
  - (iii) the implementation of Household Hygiene Subprojects for the benefit of Household Hygiene Beneficiaries.

### **Part 3. Project Management, and Monitoring and Evaluation.**

Carrying out Project management and monitoring and evaluation activities, including, *inter alia*: (i) carrying out Project supervision, including field visits; (ii) carrying out Project audits; (iii) monitoring and evaluation of Project activities, (iv) carrying out of: (A) a baseline evaluation; (B) a mid-term evaluation; and (C) an impact evaluation; and (v) the financing of Operating Costs.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Institutional Arrangements**

1. Without limitation upon the provisions of Section 3.01 of this Agreement, and for purposes of carrying out the Project, the Recipient shall ensure that INVEST-H is operated and maintained with functions, staffing, and responsibilities satisfactory to the World Bank, as set forth in the Project Operational Manual.
2. For purposes of carrying out the Subprojects, and before the carrying out of any Subproject, the Recipient shall establish, operate and maintain throughout the implementation a committee (the Subproject Committee) with functions, responsibilities and composition including representatives of INVEST-H, SAG and civil society representatives, all acceptable to the World Bank and as set forth in the Operational Manual.

##### **B. Operator Contracts**

1. To facilitate the carrying out of Parts 1 and 2 of the Project, the Recipient, through INVEST-H shall:
  - (a) Select and hire an Operator for each Selected Area in accordance with Section III of this Schedule.
  - (b) Make part of the proceeds of the Grant available to each Operator selected pursuant to Section B.1(a) above, under an agreement (the "Operator Contract"), to be entered between the Recipient, through INVEST-H, and each Operator, under terms and conditions acceptable to the World Bank and as set forth in the Project Operational Manual, including, *inter alia*, said Operator's obligation to comply with the pertinent provisions of this Schedule, including Section F of this Schedule, the Anti-Corruption Guidelines and Section III of this Schedule.
  - (c) Exercise its rights and carry out its obligations under each Operator Contract in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Operator Contract or any of its provisions.

**C. Subproject Agreement**

1. To facilitate the carrying out of Subprojects, and prior to the carrying out of said Subproject in the relevant Selected Area assigned to each Operator, the Recipient, through INVEST-H, shall cause said Operator to enter into an agreement (the "Subproject Agreement") with each Beneficiary, under terms and conditions acceptable to the World Bank, and as set forth in the Project Operational Manual, which shall include, *inter alia*:
  - (a) the Operator's obligation to carry out the Subproject, for the benefit of the Beneficiary, in accordance with the pertinent provisions of this Schedule, including Section F of this Schedule, the Anti-Corruption Guidelines and Section III of this Schedule; and
  - (b) the Beneficiary's obligation to:
    - (i) assist said Operator in the carrying out of the Subproject in accordance with the pertinent provisions of this Schedule, including Section F of this Schedule;
    - (ii) assist, when applicable, said Operator in the preparation and implementation of EMPs;
    - (iii) provide, promptly as needed, the funds, facilities and other resources required for the corresponding Subproject, as set forth in the Project Operational Manual; and
    - (iv) operate and maintain the investments developed under the Subproject.
2. The Recipient shall cause each Operator to exercise its rights and carry out its obligations under each Subproject Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, Except as the World Bank shall otherwise agree, the Recipient shall cause each Operator not to assign, amend, abrogate, terminate, waive or fail to enforce any Subproject Agreement or any of its provisions.

**D. Project Operational Manual**

1. The Recipient, through INVEST-H shall carry out, and cause the Operators to carry out the Project in accordance with the provisions of a manual (the Project Operational Manual), which sets forth, *inter alia*: (i) a detailed description of Project activities and institutional arrangements for the Project; (ii) the Project administrative, budgeting, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures;



- (iii) the monitoring indicators for the Project; (iv) the institutional and administrative mechanisms established to ensure inter-institutional coordination; (v) the criteria for the selection of Selected Areas; (vi) the terms and conditions of the Operator Contracts and the Subproject Agreements; and (vii) the ESMF.
2. Except as the Recipient and the World Bank may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend or waive the Project Operational Manual or any provision thereof.
  3. In case of a conflict between the terms of the Project Operational Manual and those in this Agreement, the terms of this Agreement shall prevail.

**E. Subproject Manual**

1. The Recipient, through INVEST-H shall adopt and cause the Operators to carry out the Subprojects in accordance with the provisions of a manual (the Subproject Manual), which shall set forth, *inter alia*: (i) a detailed description of Subproject activities and institutional arrangements; (ii) the Subproject administrative, budgeting, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; and (iii) the criteria for the selection of Beneficiaries and Subprojects.
2. Except as the Recipient and the World Bank may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend or waive the Subproject Manual or any provision thereof.
3. In case of a conflict between the terms of the Subproject Manual and those in this Agreement, the terms of this Agreement shall prevail.

**F. Safeguards**

1. The Recipient shall cause the Operators to: (i) carry out Parts 1 and 2 of the Project, including the Subprojects; and cause the Beneficiaries to assist in the carrying out of the Subprojects, all in accordance with the ESMF; (ii) prepare and implement EMPs for Subprojects under Parts 1 and 2 of the Project as applicable and in accordance with the ESMF; and (iii) cause the Beneficiaries to assist in the preparation and implementation of EMPs for Subprojects under Parts 1 and 2 of the Project as applicable and in accordance with the ESMF.
2. The Recipient shall ensure, and shall cause the Operators to ensure, that no investments involving Involuntary Resettlement or any other investment included in the negative list of investments included in the ESMF, shall be financed with the proceeds of the Grant.



3. The Recipient shall ensure, and shall cause the Operators to ensure, that the terms of reference for any consultancy in respect of the studies under the Project shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank safeguard requirements then in force, as applied to the advice conveyed through such technical assistance.

**G. Anti-Corruption**

The Recipient shall ensure, and shall cause the Operators to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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

**A. Project Reports; Mid-term Review and Completion Report**

1. The Recipient, through INVEST-H, 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, and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by each such report.
2. By January 31, 2019, or such other date as the World Bank shall agree upon, the Recipient, through INVEST-H shall carry out jointly with the World Bank a mid-term review of the implementation of activities under the Project (Mid-term Review). The Mid-term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-term Review, the Recipient shall act promptly and diligently to take any corrective action as shall be recommended by the World Bank.
3. 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 by the Closing Date.

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

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

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient shall have the Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Procurement and Consultant Guidelines.** All goods, works non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and
  - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.



2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding, subject to the following additional provisions:

(i) Contracts shall be awarded to the lowest evaluated bid in accordance with the criteria set forth in the bidding documents (acceptable to the Association), and without taking into account, in the evaluation, the financial cost of foreign exchange components.

(ii) Foreign bidders shall not, as a condition for submitting bids, be required to: (A) be registered in the Recipient's territory; (B) have a representative in the Recipient's territory; (C) be associated with suppliers or contractors of the Recipient's territory; and (D) certify that, in their country of origin, suppliers or contractors of the Recipient's territory are allowed to participate in competitive bidding procedures under equal conditions with other bidders.

(iii) Contracts shall not be divided for the sole purpose of reducing contract amounts.

(b) Shopping.

(c) Direct Contracting.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.



**D. Review by the World Bank of Procurement Decisions**

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

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b><u>Category</u></b>	<b><u>Amount of the Grant Allocated (expressed in USD)</u></b>	<b><u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u></b>
(1) (a) Consultants' services under Parts 1 and 2 of the Project (other than under Subprojects) in Cluster 1	6,625,000	100%
(1) (b) Consultants' services under Parts 1 and 2 of the Project (other than under Subprojects) in Cluster 2	6,625,000	100%
(2) (a) Subprojects in Cluster 1	6,500,000	100% of the amount disbursed by the Recipient under each Subproject
(2) (b) Subprojects in Cluster 2	6,500,000	100% of the amount disbursed by the Recipient under each Subproject

(3) Goods, Non-Consulting Services, consultants' services (including Project audits) and Operating Costs under Part 3 of the Project (excluding Part 3(iv) of the Project)	3,750,000	100% of the invoice for the respective Eligible Expenditure.
<b>TOTAL AMOUNT</b>	30,000,000	

**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 date of this Agreement;
  - (b) for payments made under Category (1) (a) unless the Recipient has entered into an Operator Contract with the Operator assigned to Cluster 1;
  - (c) for payments made under Category 1(b) unless the Recipient has entered into an Operator Contract with the Operator assigned to Cluster 2;
  - (d) for payments under Category 2 (a) unless the Recipient has: (i) entered into an Operator Contract with the Operator assigned to Cluster 1; (ii) adopted the Subproject Manual; (iii) carried out the data collection for the baseline evaluation referred to in Part 3(iv)(A) of the Project and submitted to the World Bank evidence of the completion of said activity; and (iv) the Project monitoring and evaluation system has been designed and submitted to the World Bank evidence of the completion of said activity, all in a manner satisfactory to the World Bank; and
  - (e) for payments under Category 2 (b) unless the Recipient has: (i) entered into an Operator Contract with the Operator assigned to Cluster 2; (ii) adopted the Subproject Manual; (iii) carried out the baseline evaluation referred to in Part 3(iv)(A) of the Project and submitted to the World Bank evidence of the completion of said activity; and (iv) the Project monitoring and evaluation system has been designed and submitted to the World Bank evidence of the completion of said activity, all in a manner satisfactory to the World Bank.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2021.

## **Section V. Other Undertakings**

The Recipient, through SEFIN, shall ensure, until completion of the Project, that adequate budgetary resources are allocated and made available to INVEST-H for Project implementation.



## APPENDIX

### Definitions

#### Section I. Definitions

1. “Agricultural Beneficiary” means an individual, a household, or a group of individuals or households, which meets the eligibility criteria set forth in the Project Operational Manual to benefit under an Agricultural Subproject.
2. “Agricultural Subproject” means any activity to improve agricultural production under Part 1(a) (ii) of the Project through, *inter alia*, the provision of goods, works and Non-Consulting Services for the carrying out of small irrigation works and acquisition of agricultural equipment including tools and materials, and which meet the criteria set forth in the Project Operational Manual.
3. “AIN-C” means *Atención Integral a la Niñez en la Comunidad*, the Recipient’s community-based health and nutrition program for children less than 5 years of age.
4. “Anti-Corruption Guidelines” means 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.
5. “Beneficiary” means any Agricultural Beneficiary, Business Development Beneficiary, Household Hygiene Beneficiary or Nutrition Beneficiary collectively referred to as “Beneficiaries”.
6. “Business Development Beneficiary” means an individual, a household, or a group of individuals or households, which meets the eligibility criteria set forth in the Project Operational Manual to benefit under a Business Development Subproject.
7. “Business Development Subproject” means the development of rural businesses under Part 1(b) (ii) of the Project including, *inter alia*: the provision of goods, works and Non-Consulting Services for food processing, artisanal production and setting up commercial operations, and which meet the criteria set forth in the Project Operational Manual.
8. “Business Plan” means the plan to be prepared by an Operator and an Agricultural Beneficiary or a Business Development Beneficiary stating the activities to be carried out under an Agricultural Subproject or a Business Development Subproject, respectively.
9. “CIAL” means *Comité de Investigación Agrícola Local*, any local agricultural research committees located within the Selected Areas.

10. “Cluster 1 means” an area within the *Corredor Seco* selected pursuant to the criteria set forth in the Project Operational Manual and consisting of specific communities under the territorial jurisdiction of the following Municipalities: *Curarén, Lepaterique, Reitoca, Alubarén, San Miguelito, La Libertad, San José, San Antonio de Flores, San Isidro, Pespire, Soledad, Texiguat, and Vado Ancho*, or any other Municipality agreed between the World Bank and the Recipient and set forth in the Operational Manual.
11. “Cluster 2 means” an area within the *Corredor Seco* selected pursuant to the criteria set forth in the Project Operational Manual and consisting of specific communities under the territorial jurisdiction of the following Municipalities: *Apacilagua, Morolica, Concepción de María, El Corpus, Orocuina, Namasigüe, El Triunfo, Duyure, San Marcos de Colón, Liure, and San Lucas*, or any other Municipality agreed between the World Bank and the Recipient and set forth in the Operational Manual.
12. “Community Nutrition Beneficiary” means a community or rural health center, which meet the eligibility criteria set forth in the Project Operational Manual to benefit under a Nutrition Subproject.
13. “Community Nutrition Plan” means the plan to be prepared by the Operator and a Nutrition Beneficiary, stating the activities to be carried out under Nutrition Subproject.
14. “Community Nutrition Subproject” means any investment and/or activity to improve nutrition under Part 2(a)(iv) of the Project through, *inter alia*, the provision of goods, works and Non-Consulting Services for the carrying out of small works, the acquisition of equipment, and the provision of non-monetary incentives including, *inter alia*, mobile phones and bikes to Nutrition Volunteers and which meet the criteria set forth in the Project Operational Manual.
15. “Consultant Guidelines” means “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised on July 2014.
16. “*Corredor Seco*” means the area located in the west and south of the Recipient’s territory, including the departments of *Copán, Ocotepeque, Santa Bárbara, Lempira, Intibucá, La Paz, Yoro, Comayagua, Valle, Francisco Morazán, Choluteca, Olancho* and *El Paraíso*.
17. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework acceptable to the World Bank duly published and available to the public on July 16, 2015, which contains, *inter alia*, the guidelines for the carrying out of environmental assessments and for the preparation and implementation of Environmental Management Plans, as well as the



environmental and social protection measures in respect of the Project, including chance finding of cultural property and potential direct and indirect environmental impacts from the carrying out of the Project, the integrated pest management framework and recommendation of mitigation measures for each negative impact identified, as well as measures for enhancing each identified positive impact, as said framework may be amended from time to time with the prior agreement of the World Bank.

18. “Environmental Management Plan” or “EMP” means a subproject-specific environmental management plan, acceptable to the World Bank, prepared under the Project in accordance with the ESMF, describing the environmental mitigation measures anticipated for activities under the Project and the parties responsible for monitoring of construction and operational impacts.
19. “Food Security Plan” means the plan to be prepared by the Operator and an Agricultural Beneficiary, stating the activities to be carried out under an Agricultural Subproject.
20. “Growth Monitoring Program” means a program implemented by a network of Nutrition Volunteers supervised by rural health center staff and local non-governmental organizations which, building on AIN-C, *inter alia*, monitors the monthly growth of infant and children under two years of age and provides counseling to parents of infants and children 18 months old or younger.
21. “Household Hygiene Beneficiary” means an individual, a household, or a group of individuals or households, which meets the eligibility criteria set forth in the Project Operational Manual to benefit under a Household Subproject.
22. “Household Hygiene Plan” means the plan to be prepared by the Operator and a Household Hygiene Beneficiary, stating the activities to be carried out under a Household Hygiene Subproject.
23. “Household Hygiene Subproject” means any investment and/or activity to improve household hygiene activities under Part 2(b)(iii) of the Project including, *inter alia*, the provision of goods, works and Non-Consulting Services for the carrying out of small works and acquisition of equipment, and which meets the criteria set forth in the Project Operational Manual.
24. “INVEST-H” means the Recipient’s implementing unit under the *Secretaría de Coordinación General de Gobierno*, created pursuant to the Recipient’s Law No. 233-2005, dated September 21, 2005, as amended to the date of this Agreement, or any successor thereto acceptable to the Bank.
25. “Involuntary Resettlement” means the involuntary taking of land, which taking causes affected persons to have their: (i) standard of living adversely affected; or



- (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
26. "Municipality" means an administrative entity created pursuant to the Municipality's Legislation.
27. "Municipality's Legislation" means the Recipient's law No. 134-90 dated October 29, 1990.
28. "Non-Consulting Services" means the reasonable expenditures incurred on account of Project implementation to cover reasonable costs of data collection services, printing services, and other services in which the physical aspects of the activity predominate and which are not rendered by consultants.
29. "Nutrition Volunteer" means a volunteer personnel participating in the AIN-C, collectively referred to as "Nutrition Volunteers".
30. "Operating Costs" means the reasonable incremental expenses, as shall have been approved by the World Bank, incurred by the Recipient with respect to Project implementation, management and monitoring, including remuneration of the staff assigned to INVEST-H, communication, editing, publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office supplies and rentals, utilities, non-durable goods and supplies.
31. "Operator" means any entity that meets the eligibility criteria set forth in the Project Operational Manual to carry out Parts 1 and 2 of the Project, including Subprojects as applicable, in a Selected Area, and acceptable to the World Bank.
32. "Operator Contract" means any of the agreements, referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the World Bank.
33. "Procurement Guidelines" means "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised on July 2014.
34. "Procurement Plan" means the Recipient's procurement plan for the Project, dated December 11, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

35. "Project Operational Manual" means the Recipient's manual dated July 17, 2015, satisfactory to the World Bank, referred to in Section I.D.1 of Schedule 2 to this Agreement, as such manual may be amended from time to time with the World Bank's prior approval.
36. "SAG" means *Secretaría de Agricultura y Ganadería*, the Recipient's Ministry of Agriculture and Livestock.
37. "SEFIN" means *Secretaría de Finanzas*, the Recipient's Ministry of Finance.
38. "Selected Area" means either Cluster 1 or Cluster 2, collectively referred to as "Selected Areas".
39. "SLS" means formal and non-formal savings and loans entities, rural organizations in *Corredor Seco* providing savings services, small loans, storage, input supplies, bulk purchasing of necessities and other services.
40. "Subproject" means any Agricultural Subproject, Business Development Subproject, Household Hygiene Subproject or Nutrition Subproject, collectively referred to as "Subprojects".
41. "Subproject Agreement" means any of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the World Bank.
42. "Subproject Committee" means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
43. "Subproject Manual" means the Recipient's manual satisfactory to the World Bank, referred to in Section I.E.1 of Schedule 2 to this Agreement, as such manual may be amended from time to time with the World Bank's prior approval.
44. "Training" means reasonable expenditures (other than for consultant's services) incurred by trainers and trainees for reasonable travel, room board and *per diem* expenses in connection with training under the Project, including training registration fees, training facility and equipment rentals.