

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

GAFSP GRANT NUMBER TF017904

**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

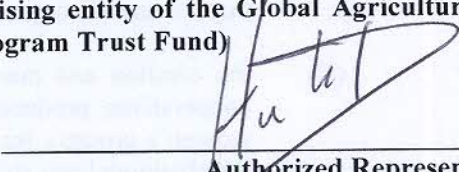
Name: Wilfredo Corato

Title: Minister of Finance



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

By


Authorized Representative

Name: Humberto Lopez

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

