Financing Agreement

(Integrating Innovation for Rural Competitiveness in Honduras Project-
COMRURAL II)

between

REPUBLIC OF HONDURAS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF HONDURAS ("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 — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of seventy-five million Dollars (US$75,000,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum.
2.06. The Payment Dates are April 15 and October 15 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: (a) through INVEST-H, Parts 1, 2 and 3 of the Project; and (b) cause the Coordinating Authority to carry out Part 4 of the Project; all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following, namely that any RPO shall have failed to comply with any of its obligations under the respective Subproject Grant Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Project Operational Manual has been updated and adopted in a manner and with contents acceptable to the Association.

5.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the Signature Date.

5.03. 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 (20) years after the Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister (Secretario) of SEFIN.

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address 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.; and

(b) the Recipient’s Electronic Address is:

Telex: Facsimile: E-mail:
(504) 2237-4142 (504) 2237-4142 dgcp@sefin.gob.hn

6.03. 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: E-mail:
248423 (MCI) 1-202-477-6391 ysakho@worldbank.org
AGREED as of the Signature Date.

**REPUBLIC OF HONDURAS**

By

[Signature]

Authorized Representative

Name: Rocío Isabel Toledo

Title: Ministra de Finanzas

Date: 11 - abril - 2020

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

[Signature] Seynabou Sakho

Authorized Representative

Y. Seynabou Sakho

Name:

Title: Director Central America

Date: 26-Mar-2020

**WITNESSED BY:**

Juan Orlando Hernández Alvarado
President of the Republic of Honduras
SCHEDULE 1

Project Description

The objective of the Project is to improve access to markets and climate-smart practices and contribute to the economic inclusion of targeted beneficiaries in select agricultural value chains.

The Project consists of the following parts:

Part 1: Support to enhance the competitiveness, resilience and innovation of agribusiness initiatives

(a) Supporting pre-investment activities to, *inter alia*: (i) identify, promote, create, consolidate and promote innovation in productive alliances among RPOs, commercial partners and PFIs; (ii) identify potential business opportunities for the productive alliances; (iii) convert the business opportunities into business plans; (iv) build capacity among technical service providers to enhance the quality of their services to the productive alliances; (v) carry out studies to promote specific value chains for resilience building, evaluate potential for Subprojects to contribute to climate change mitigation and resilience and economic inclusion of historically marginalized groups; and (vi) develop and implement communication strategies to facilitate the formation of productive alliances for small subsistence farmers and indigenous and Afro-descendant beneficiaries.

(b) Providing Subproject Grants for the implementation of Subprojects prepared in the context of joint business plans with identified markets or buyers, for productive alliances between RPOs, and at least one agri-business firm or agent, and other allied agents contributing a service in support of the Subproject to be carried out in the Project Area, and which is to be co-financed by: (i) a counterpart contribution in cash or in kind by the RPO; and (ii) a PFI, all in accordance with the provisions set forth in the Project Operational Manual.

Part 2: Support to the modernization of Honduras’ agribusiness enabling environment

(a) Improving selected public agribusiness services (including sanitary and phytosanitary services) critical for enabling agribusiness by identifying the key barriers in the functionality of the main institutions providing public services for agribusiness (i.e. SENASA and ARSA) and then implementing solutions to address the identified barriers.

(b) (i) Improving public-private coordination on policies for agribusiness to enhance cooperation between the public and private sectors on policies, regulations and information related to enabling the agribusiness environment; and (ii) providing technical assistance for the establishment and operation of a national council of
agriculture under SAG to promote a regular dialogue in agricultural matters between relevant public and private sector entities; and (iii) developing a national agro-logistics strategy and a national agro-climatic information system under said national council of agriculture.

Part 3: Project management support

Supporting INVEST-H concerning Project management, coordination and implementation, including, *inter alia*: (a) monitoring, result evaluation and impact assessment activities; (b) fiduciary implementation and oversight, including audits; (c) management of environmental and social risks; and (d) implementation and monitoring of the Project’s stakeholder engagement plan grievance redress mechanism and beneficiary satisfaction survey.

Part 4: Contingency Emergency Response Component

Provision of support to respond to an Eligible Emergency, as needed.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. For purposes of carrying out Parts 1, 2, and 3 of the Project, the Recipient, through INVEST-H, shall maintain throughout Project implementation a steering committee (the Steering Committee) responsible for Project oversight and coordination, comprised of representatives of, *inter alia*, INVEST-H, SAG, RPOs, and other relevant private sector entities (and any other institution in addition to or in substitution of the aforementioned, as approved by the Association and set forth in the Project Operational Manual), and which duties shall include, *inter alia*:

   (a) ratifying the approval of the business plans by the evaluation committee referred to in Section I.C.1 (c) of this Schedule;

   (b) monitor the compliance with Parts 1, 2 and 3 of the Project; and

   (c) proposing necessary adjustments to the implementation of Parts 1, 2 and 3 of the Project.

2. For purposes of the implementation of Parts 1, 2 and 3 of the Project, the Recipient shall:

   (a) ensure that INVEST-H is operated and maintained with technical functions, staffing, and responsibilities satisfactory to the Association, as set forth in the Project Operational Manual; and

   (b) through INVEST-H, maintain throughout Project implementation a Project Implementation Unit (PIU), with functions and responsibilities and composition acceptable to the Association, including fiduciary functions, staffing (including *inter alia* procurement and financial management specialists), as set forth in the Project Operational Manual.

3. No later than one hundred and twenty (120) calendar days from the Effective Date, the Recipient, through INVEST-H, shall hire the following staff: (a) a dedicated financial management specialist for its central office; (b) a dedicated financial management officer for rural support; and (c) a sub-coordinator for procurement; all under terms of reference, qualifications and experience acceptable to the Association.
4. To facilitate the implementation of Part 2 of the Project the Recipient, through INVEST-H, shall:

(a) no later than three (3) months after the Effective Date, establish a committee to enable the environment of agribusiness (“CEEA Committee”) which shall be comprised by representatives of, \textit{inter alia}, SAG, INVEST-H, ARSA, SENASA; and

(b) no later than four (4) months after the Effective Date, enter into a technical coordination agreement (Inter-institutional Agreements) with each Relevant Entity; all under terms and conditions acceptable to the Association.

B. Project Operational Manual

1. The Recipient, through INVEST-H, shall update, adopt and thereafter carry out Parts 1, 2, and 3 of the Project in accordance with the Project Operational Manual acceptable to the Association, which shall set forth, \textit{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 detailed procedures for coordination and collaboration among the relevant Recipient’s institutions, and other stakeholders in the carrying out of the Project, including, \textit{inter alia}, the Relevant Entities, and commercially oriented public credit institutions when applicable; (v) the criteria for defining the Project Areas and the value chains, and for selecting RPOs; (vi) the selection, approval, implementation, monitoring and evaluation procedures (including the social and environmental safeguard, financial management and procurement requirements) of the Subprojects; (vii) the RPO’s options regarding counterpart contributions (in cash or in kind) and PFI co-financing requirements for a Subproject; (viii) the model forms for business proposals, business plans and Subproject Grant Agreement; (ix) the Safeguard Instruments; and (x) the PFI criteria to participate under Part 1(b) of the Project.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient, through INVEST-H, shall not abrogate, amend, suspend, terminate 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.
C. Sub-projects

1. For purposes of carrying out Part 1(b) of the Project, the Recipient, through INVEST-H, shall ensure that the selection of each RPO, and Subproject complies with the process and eligibility criteria set forth in the Project Operational Manual including, inter alia:

   (a) that each RPO maintains a productive alliance with at least one agribusiness firm or agent, and other allied agents contributing a service in support of the Subproject;

   (b) that each RPO has entered into an agreement with a PFI (the PFI Co-financing Agreement) to co-finance the cost of the Sub-project, under terms and conditions satisfactory to the Association; and

   (c) that the business plan of each Subproject shall be approved by an evaluation committee, satisfactory to the Association, composed of, inter alia: (i) one value chain specialist; (ii) environmental and social specialists; (iii) one financial specialist; and (iv) one outside expert selected and contracted by the Recipient, through INVEST-H, on an ad hoc basis, depending on types of productive alliances proposed and their respective value chains, and in accordance with terms of reference set forth in the Project Operational Manual.

2. Before the carrying out of each Subproject, the Recipient, through INVEST-H, shall enter into an agreement with each RPO (the Subproject Grant Agreement), under terms and conditions satisfactory to the Association and set forth in the Project Operational Manual, including, inter alia:

   (a) the Recipient’s:

      (i) obligation to make a Subproject Grant to the RPO; and

      (ii) right to suspend or terminate the right of an RPO to use the proceeds of the Subproject Grant, or obtain a refund of all or any part of the amount of a Subproject Grant then withdrawn, upon the RPO’s failure to perform any of its obligations under the Subproject Grant Agreement concerned; and

   (b) the RPO’s obligation to:

      (i) carry out the Subproject in accordance with the Project Operational Manual; the Anti-Corruption Guidelines; the
Procurement Regulations, the relevant financial management and social and environmental safeguards provisions of this Schedule;

(ii) provide, promptly as needed, the resources required to carry out the Subproject, including without limitation, a counterpart contribution in cash or in kind in accordance with the provisions set forth in the Project Operational Manual; and

(iii) enforce its rights and carry out the obligations under the respective PFI Co-financing Agreement.

3. The Recipient, through INVEST-H, shall exercise its rights under each Subproject Grant Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, not assign, amend, terminate, abrogate, waive or fail to enforce any Subproject Grant Agreement or any provision thereof.

D. Safeguards

1. The Recipient, through INVEST-H, shall carry out the Project, and shall ensure that the RPOs carry out their Subprojects in accordance with the Safeguard Instruments.

2. Before any activity is carried out under any given Subproject and pursuant to the terms of the ESMF, and the IPAPF, the Recipient, through INVEST-H, shall:
   (a) carry out an environmental assessment and thereafter, with the assistance of the RPO, prepare the pertinent site-specific environmental management plan, social responsibility plan and indigenous peoples’ development plan, as applicable; and
   (b) thereafter, cause the pertinent RPO to implement plans in accordance with their terms and in a manner acceptable to the Association.

3. If resettlement is foreseen for any specific Subproject, the Recipient, through INVEST-H, shall, prior to carrying out said Subproject, with the assistance of the pertinent RPO: (a) prepare, disclose and carry out consultations of the pertinent resettlement action plan, acceptable to the Association; and (b) thereafter implement the pertinent resettlement action plan or abbreviated plan, as the case may be, all in accordance with their terms and in a manner acceptable to the Association.

4. The Recipient, through INVEST-H, shall ensure that:
   (a) (i) no transformation or degradation of critical natural habitats shall take place as a consequence of Project implementation, including through Subprojects; (ii) no activities involving the clearing or logging of natural forests shall be carried out as part of the Project; and (iii) the sub-project
investments in existing or proposed protected areas shall only be approved when they are consistent with the written and valid management plans for those areas and also with the written consent of the protected area management authority, all as set forth in the Project Operational Manual, prior to the approval of a Subproject for its financing under the Credit;

(b) any Subprojects involving the culture of non-native fish species shall not involve the use or potential pollution of International Waterways, as determined by the Association; and

(c) all proposals for Subprojects shall be screened for any pesticide use, and the restrictions and procedures set forth in the ESMF and the relevant site-specific environmental management plan regarding pesticide use shall be complied with.

5. The Recipient, through INVEST-H, shall ensure that: (i) the terms of reference for any consultancy required under the Project shall be satisfactory to the Association following its review thereof; and (ii) to that end, such terms of reference shall duly incorporate the requirements of the Safeguards Instruments, as applied to the advice conveyed through such technical assistance.

E. Other Implementation Arrangements

1. Pursuant to terms of reference agreed with the Association, including inter alia, the scope of the audits to be conducted and furnished to the Association, and as further specified in the Project Operational Manual, the Recipient, through INVEST-H shall:

(a) not later than four (4) months after the Effective Date, hire independent auditors, with experience and qualifications acceptable to the Association, and under terms of reference acceptable to the Association, for purposes of carrying out every twelve months compliance audits of the Subprojects in accordance with the provisions of the Operational Manual; and

(b) not later than ninety (90) days after the end of the period covered by each such audit, prepare and furnish to the Association, a report of such scope and in such detail as the Association shall reasonably request concerning the result of the pertinent audit.

2. For purposes of carrying out Part 1(b) of the Project, the Recipient shall establish and maintain throughout Project implementation, a credit guarantee fund satisfactory to the Association, set up with the Recipient’s own resources with at least an amount equivalent to one million three hundred thousand Dollars ($1,300,000), to be used exclusively to guarantee loans made by PFIs for
Subprojects, all in accordance with the structure and procedures set forth in the Project Operational Manual.

F. Contingent Emergency Response

1. In order to ensure the proper and timely implementation of Part 4 of the Project aimed to provide immediate response to potential Eligible Emergency, the Recipient shall take all actions required on its behalf to ensure that Part 4 of the Project is carried out in accordance with the following provisions:

   (a) The Recipient shall:

      (i) prepare and furnish to the Association for its review and approval, a draft of the Emergency Response Operations Manual setting forth detailed implementation arrangements for Part 4 of the Project, including: (A) designation of, terms of reference for, and resources to be allocated to, the entity to be responsible for coordinating and implementing Part 4 of the Project ("Coordinating Authority"); (B) specific activities which may be included under Part 4 of the Project, the Emergency Expenditures required therefor and the proposed procedures for such inclusion; (C) financial management arrangements under Part 4 of the Project; (D) procurement methods and eligibility procedures for Emergency Expenditures to be financed under Part 4 of the Project; (E) the documentation required for withdrawals of Emergency Expenditures; (F) environmental and social safeguard management frameworks or plans for Part 4 of the Project, consistent with the Association’s policies on the matter and the provisions of this Section LE; and (G) any other arrangements necessary to ensure proper coordination and implementation of Part 4 of the Project;

      (ii) afford the Association a reasonable opportunity to review and comment on the Emergency Response Operations Manual;

      (iii) thereafter, promptly adopt the Emergency Response Operations Manual as shall have been approved by the Association;

      (iv) from time to time, submit recommendations to the Association for its consideration for changes and updates of the Emergency Response Operations Manual, as they may become necessary or advisable during Project implementation to allow, if and as necessary, the inclusion of activities under Part 4 of the Project to respond to an Eligible Emergency;
(v) ensure that Part 4 of the Project is carried out in accordance with the Emergency Response Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the Emergency Response Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

(vi) not amend, suspend, abrogate, repeal or waive any provision of the Emergency Response Operations Manual without the prior approval by the Association.

(b) The Recipient shall, throughout the implementation of Part 4 of the Project, maintain the Coordinating Authority, with staff in adequate numbers and with qualifications and resources satisfactory to the Association.

2. The Recipient shall undertake no activities under Part 4 of the Project unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in Part 4 of the Project in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all safeguard instruments required for said activities, in accordance with the Emergency Response Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient, through INVEST-H, shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Credit

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 finance Eligible
Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category in the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consulting services, under Part 1(b) of the Project</td>
<td>21,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Subprojects under Part 1(b) of the Project</td>
<td>28,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services (including compliance and Project audits), consulting services, Training, and Operating Costs for Parts 1 (except Part 1(b) of the Project), 2 and 3 of the Project</td>
<td>25,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Emergency Expenditures for Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>75,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. 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; or

   (b) for payments under Category (4) for Emergency Expenditures under Part 4 of the Project, 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 Emergency Expenditures:

   (i) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said Eligible Emergency under Part 4 of the Project in order to respond to said Eligible Emergency, and 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 Eligible Emergency, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.F.2(b) of this Schedule;

(iii) the Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.F.1(b) of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the Emergency Response Operations Manual in form, substance and manner acceptable to the Association and the provisions of the Emergency Response Operations Manual are fully current in accordance with the provisions of Section I.F.1(a)(iii) of this Schedule, so as to be appropriate for the inclusion and implementation of Part 4 of the Project.

2. The Closing Date is September 30, 2024.
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 April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing October 15, 2024 to and including April 15, 2044</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing October 15, 2044 to and including April 15, 2049</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

Section I.  Definitions

1. “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.

2. “ARSA” or “Agencia de Regulación Sanitaria de Honduras” means the Recipient’s Sanitary Regulation Agency, or any successor thereto acceptable to the Association.

3. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed either as a positive or negative percentage per annum.

4. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed either as a positive or negative percentage per annum.

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

6. “CEEA Committee” means the committee referred to in Section 1.A.4(a) of Schedule 2 to this Agreement.

7. “Closing Date” means the date specified in Section III.B.2 of Schedule 2 to this Agreement (or such other date as the Association shall establish, upon request from the Recipient, by notice to the Recipient) after which the Association may, by notice to the Recipient, terminate the right of the Recipient to withdraw from the Credit Account.

8. “Concessional Financing” means, without limitation to the definition of said term in paragraph 19 of the General Conditions, the Credit extended by the Association to the Recipient on the terms referred to in Article II to this Agreement and in the General Conditions.
9. “Coordinating Authority” means the Recipient’s entity or institution in charge of implementing Part 4 of the Project.

10. “Displaced Person” means a person who, on account of the execution of the Project had or would have been affected by an involuntary taking of land under the Project, which causes said Displaced Person to have his/her: (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; and “Displaced Persons” means, collectively, all such Displaced Persons.

11. “Eligible 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.


13. “Emergency Response Operations Manual” means the operations manual adopted by the Recipient for Part 3 of the Project in accordance with the provisions of Section I.F.1(a)(i) of Schedule 2 to this Agreement.

14. “ESMF” and refers to the “Evaluación Ambiental y Social (EAS) y Marco de Gestion Ambiental y Social (MGAS)”, the Recipient’s Environmental and Social Management Framework, acceptable to the Association, published on the Recipient’s territory on February 25, 2019 and on the Association’s website on February 26, 2019, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, as said framework may be amended from time to time with the prior consent of the Association.

15. “FHIA” or “Fundación Hondureña de Investigación Agrícola” means the Recipient’s Honduran Agricultural Research Foundation, or any successor thereto acceptable to the Association.

17. "Inter-Institutional Agreements" means any of the agreements referred to in Section I.A.4(b) of Schedule 2 to this Agreement.

18. "International Waterways" means: (a) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; or (c) any bay, gulf, strait, or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states and any river flowing into such waters.

19. "INVEST-H" means the Recipient’s implementing unit its General Government Coordination Secretariat (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 Association.


21. "Operating Costs" means reasonable costs, as shall have been approved by the Association, for the incremental expenses incurred on account of Project implementation, consisting of, communication costs, office supplies and maintenance, and equipment maintenance, utilities, document duplication/printing, consumables, insurance, travel cost and per diem for Project staff for travel linked to the implementation of the Project (but excluding consulting’ services and salaries of officials of the Recipient’s civil service).

22. "PIU" means the unit referred to in Section I.A.2(b) of Schedule 2 to this Agreement, or any other successor thereto acceptable to the Association.

23. “PFI” means a partner private financial institution (such as a commercial bank, a credit and savings cooperative, a private institution of financial development or a rural savings bank) or a partner commercially oriented public credit institution, which has met the criteria to participate under Part I(b) of the Project and has committed to co-finance a Subproject.

24. “PFI Co-financing Agreements” means any of the agreements referred to in Section I.C.1(b) of Schedule 2 to this Agreement.
25. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

26. “Project Area” means the area within the Recipient’s territory, defined pursuant to the criteria set forth in the Project Operational Manual.

27. “Project Operational Manual” means the Recipient’s manual acceptable to the Association and 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 Association.

28. “RPF” means “Marco de Política de Reasentamiento Involuntario (MPRI),” the Recipient’s Resettlement Planning Framework, published on the Recipient’s territory on February 25, 2019 and on the Association’s website on February 26, 2019, acceptable to the Association, and setting forth the modalities for resettlement and compensation of, inter alia, Displaced Persons, including guidelines for the preparation of any RAP under the Project, as said framework may be amended from time to time with the agreement of the Association.

29. “Relevant Entities” means, inter alia, SAG, ARSA, SENASA, and FHIA, any other department which may be acceptable to the Association and set forth in the Operational Manual, in addition to, or in substitution of, the above departments.

30. “RPO” means Rural Producer Organization, any group of citizens organized into a legally-constituted private association, or any group of producers organized for the common interest of providing services or inputs to support agricultural value chains, improving their productivity, processing, commercialization capacity to improve competitiveness and market linkages and which, upon meeting the criteria set forth in the Project Operational Manual, is found eligible under Part 1(b) of the Project to receive a Subproject Grant on behalf of its members for the carrying out of a Subproject.

31. “Safeguards Instruments” means collectively the ESMF, the RPF and the IPAPF.

32. “SAG” or “Secretaría de Estado en el Despacho de Agricultura y Ganadería” means the Recipient’s Ministry of Agriculture and Livestock, or any successor thereto acceptable to the Association.

33. “SEFIN” or “Secretaría de Finanzas” means the Recipient’s Ministry of Finance or any successor thereto acceptable to the Association.

34. “SENASA” or “Servicio Nacional de Sanidad e Inocuidad Agroalimentaria” means the Recipient National Health and Agrifood Safety Service, or any successor thereto acceptable to the Association.
35. “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.

36. “Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

37. “Subproject” means any specific income enhancing set of activities and/or instruments (including inter alia, activities to support services, input supply, production, processing, commercialization and agro-logistics) to be carried out by an RPO under Part 1(b) of the Project, and which meet the criteria set forth in the Project Operational Manual.

38. “Subproject Grant” means a grant made or proposed to be made out of the proceeds of the Credit to an RPO under Part 1(b) of the Project, to partially finance the cost of any given Subproject subject to the specific terms and conditions set forth in the Project Operational Manual.

39. “Subproject Grant Agreement” means an agreement between the Recipient, through INVEST-H and an RPO as referred to in Section I.C.2 of Schedule 2 to this Agreement.

40. “Training” means the reasonable costs, as shall have been approved by the Association, for training and workshops, conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers and speakers, rental of training and workshop facilities, preparation and reproduction of training materials, and other costs directly related to training course or workshop preparation and implementation (but excluding goods and consulting services).