
LOAN NUMBER 8866-AO

Project Agreement

(Commercial Agriculture Development Project)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

FUNDO DE GARANTIA DE CRÉDITO (FGC)

LOAN NUMBER 8866-AO

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and FUNDO DE GARANTIA DE CRÉDITO ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of the Signature Date between REPUBLIC OF ANGOLA ("Borrower") and the Bank, concerning Loan No. 8866-AO. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part 1.2 of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 9.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is the President of the Board of Directors.

4.02. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	Email:
248423(MCI) or 64145(MCI)	1-202-477-6391	olambert@worldbank.org

4.03. For purposes of Section 10.01 of the General Conditions:

(a) the Project Implementing Entity's address is:

FGC – Fundo de Garantia de Crédito
Via S8 – Condomínio Dolce Vita
Lote 3B, 1ºB - Talatona
Luanda – Angola
Telemóvel: +244 923 415 850
Email: jjulio.fernandes@fgc.gv.ao; and

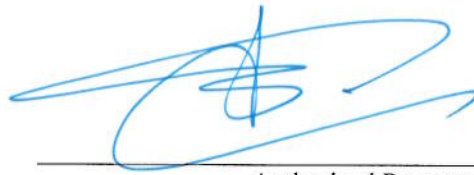
(b) the Project Implementing Entity's Electronic Address is:

Facsimile:	E-mail:
+244 222 023 277/ 915 506 512 Extensão: 2000	jjulio.fernandes@fgc.gv.ao

AGREED as of the later of the two dates written below.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Olivier Jacques Lambert

Title: Country Manager

Date: July 19, 2018

FUNDO DE GARANTIA DE CRÉDITO

By



Authorized Representative

Name: Joao Julio da Cruz Correia Fernandes

Title: President of FGC

Date: July 19. 2018

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. The Project Implementing Entity shall carry out Part 1.2 of the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social, labor, health and safety and technical standards and practices, and provide promptly as needed, the facilities, services and other resources required for Part 1.2 of the Project.
2. The Project Implementing Entity shall maintain, throughout Project implementation, a structure, functions, responsibilities, and staffing acceptable to the Bank, and in accordance with the Financial Sector Laws.
3. The Project Implementing Entity shall establish and, thereafter maintain, throughout Project implementation a dedicated Agribusiness Window, acceptable to the Bank, for purposes of implementation of Part 1.2 of the Project.
4. The Project Implementing Entity shall use the proceeds of the Subsidiary Financing exclusively for purposes of providing partial credit guarantees to cover credits extended by eligible PFIs to eligible farmers and agribusiness SMEs to finance eligible activities to be carried out by said farmers and agribusiness SMEs in the Project Areas. To that end, the Project Implementing Entity shall appraise and select PFIs in accordance with the procedure and criteria in the PCG Fund Operations Manual and enter into an agreement with the selected PFI, under terms and conditions satisfactory to the Bank and as further set out in section D below and in the PCG Fund Operations Manual.
5. The Project Implementing Entity shall promptly inform the Borrower and the Bank of any condition which interferes or threatens to interfere with the progress of Part 1.2 of the Project.
6. The Project Implementing Entity to carry out Part 1.2 of the Project in compliance with the Anti-Corruption Guidelines.
7. The Project Implementing Entity shall: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to Part 1.2 of the Project; and (ii) at the Bank and Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently

applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank.

B. Subsidiary Agreement

To facilitate the carrying out of the Project Implementing Entity's Respective Part 1.2 of the Project, the Project Implementing Entity shall enter into a Subsidiary Agreement with the Borrower, under terms and conditions approved by the Bank, and further set out in the Loan Agreement.

C. PCG Fund Operations Manual

1. The Project Implementing Entity shall carry out Part 1.2 of the Project in accordance with the provisions and requirements of a set of guidelines satisfactory to the Bank ("PCG Fund Operations Manual"), which shall include, *inter alia*: (a) eligibility criteria for the selection of eligible farmers and agribusiness SMEs and their PFIs that can benefit from the partial credit guarantee; (b) criteria for guaranteeing eligible credits; (c) template of the agreement with PFIs; (d) investment policy of the Project Implementing Entity; (e) environmental and social screening, evaluation and supervision procedures and guidelines, including excluded activities set out in the Negative List; and (f) monitoring and evaluation arrangements.
2. The Project Implementing Entity shall assign, amend, abrogate or waive any provisions of the PCG Fund Operations Manual without the prior approval of the Bank.

D. Subproject

1. The Project Implementing Entity shall provide partial credit guarantees to cover credits extended by eligible PFIs to eligible farmers and agribusiness SMEs under an agreement with the respective PFIs on terms and conditions approved by the Bank, and further set out in the PCG Fund Operations Manual, which shall include the following:
 - (a) The partial credit guarantee shall have a maximum coverage of 65% of the credit;
 - (b) The Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Borrower and the Bank, including the right to:
 - (i) suspend or terminate the right of the PFI to use the partial credit guarantee; and
 - (ii) require each Beneficiary to: (A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance

with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the credits guaranteed in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Bank's or the Borrower's or the Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower, the Bank and the Project Implementing Entity; (F) enable the Borrower, the Bank and the Project Implementing Entity to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Borrower, the Bank and the Project Implementing Entity all such information as the Borrower or the Bank or the Project Implementing Entity shall reasonably request relating to the foregoing.

3. The Project Implementing Entity shall exercise its rights under the agreement in such manner as to protect the interests of the Borrower, the Bank and the Project Implementing Entity and to accomplish the purposes of the Loan. Except as the Borrower and the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any such agreement with the PFI or any of its provisions.

E. Safeguards

1. The Project Implementing Entity shall: (i) carry out, the Project in accordance with the provisions of the Safeguards Instruments; and (ii) ensure that any contracts for civil works under the Project include codes of conduct in form and substance acceptable to the Bank, detailing measures on environmental, health and safety and preventing and responding to HIV/AIDS, gender-based violence, and violence against children.
2. Without limitation to the excluded expenditures provision set forth in the PCG Fund Operations Manual and/or the Safeguard Instruments, the following activities shall not be eligible to be included in or funded under the Project ("Negative List"):
 - (a) activities involving the use of prohibited pesticides listed in the PMP;

- (b) any activities that would lead to conversion or degradation of critical natural habitats or their supporting areas;
 - (c) any activities that would lead to conversion or degradation of critical forest areas, related critical natural habitats, clearing of forests or forest ecosystems;
 - (d) activities involving palm oil industrial production;
 - (e) activities involving the financing of the rehabilitation or construction of Large Dams; and,
 - (a) activities involving child or forced labor, as per the national legislation enacted pursuant to the C138 – Minimum Age Convention, the C182 – Worst Forms of Child Labor Convention, and the C029 – Forced Labor Convention.
3. The Project Implementing Entity shall ensure that employees, agents, service providers, contractors and subcontractors carry out the Project in conformity with acceptable environmental and social standards, practices and codes of conduct (which shall, inter alia, contain measures that prohibit, prevent and address gender based violence and sexual exploitation and abuse), the provisions of the Borrower's environmental and social laws (including, but not limited to, national legislation enacted pursuant to its obligations under the C138 – Minimum Age Convention, the C182 – Worst Forms of Child Labor Convention and C029 – Forced Labor Convention), the Safeguard Instruments.
4. If any Project activity would, pursuant to the RPF, require the preparation of a RAP, no such activity shall be implemented, unless: (i) a RAP for such activity has been: (A) prepared in accordance with the requirements of the RPF and furnished to the Bank; (B) disclosed as required by the RPF; and (C) approved by the Bank and publicly disclosed; and (ii) (A) all measures required to be taken under said RAP prior to the initiation of said activity have been taken, including, without limitation to the above, providing funds for resettlement compensation at full replacement cost when and if required under a RAP; (B) a report, in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Bank; and (C) the Bank has confirmed that the implementation of said activity may be commenced.
5. The Project Implementing Entity shall, throughout Project implementation, maintain and publicize the availability of Project-level grievance and feedback and redress mechanisms, in a form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints and feedback raised in relation to its respective Part of the Project, and take all measures necessary to implement the

determinations made by said grievance feedback and redress mechanism in a manner satisfactory to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.
2. The Project Implementing Entity shall provide to the Borrower not later than three (3) months, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

Section III. Other Undertakings

1. The Project Implementing Entity shall ensure that: (a) during Project implementation, it shall use the proceeds of the Subsidiary Financing for purposes of providing partial credit guarantees to cover credits extended by eligible PFIs to eligible farmers and agribusiness SMEs to finance eligible activities to be carried out by said eligible farmers and agribusiness SMEs, all in accordance with the PCC Fund Operations Manual; and (b) after the Closing Date, it shall use the proceeds of any Subsidiary Financing, which are remaining after any payments under said partial credit guarantees, for purposes of providing partial credit guarantees to cover credits extended by eligible PFIs to eligible farmers and agribusiness SMEs to finance eligible activities to be carried out by said eligible farmers and agribusiness SMEs.