

OFFICIAL DOCUMENTS

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Cable Address: INTBAFRAD
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May 18, 2017

H. E. Augusto Archer de Sousa Mangueira
Minister of Finance
Ministry of Finance
Luanda,
Republic of Angola

Re: Republic of Angola: Advance Agreement for the
Preparation of the Proposed Commercial Agriculture
Development Project
Project Preparation Advance No 159052

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Angola ("Borrower"), I am pleased to inform you that the International Bank for Development and Reconstruction ("World Bank") proposes to extend to the Borrower an advance out of the World Bank's Project Preparation Facility in an amount not to exceed two million and five hundred thousand Dollars (\$ 2,500,000.00) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to promote commercial agriculture development, increasing production, productivity and employment within selected value chains, in targeted areas in Angola ("Project"), for the carrying out of which the Borrower has requested the World Bank's financial assistance.

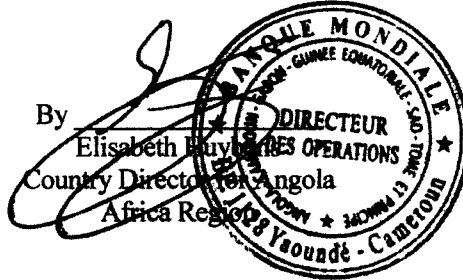
The Borrower represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Borrower's agreement to the foregoing by having an authorized official of the Borrower sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become

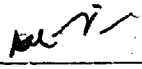
effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



AGREED.
REPUBLIC OF ANGOLA

By: 
Authorized Representative

Name: *ARCHER MANGUEIRA*

Title: *MINISTRY FINANCE*

Date: *23.06.17*

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated February, 1 2017.
- (3) "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 as of July 1, 2016
- (4) "World Bank Procurement Regulations for Borrowers under Investment Project Financing - Goods, Works, Non-Consulting Service and Consulting Services" dated July 1, 2016 ("Procurement Regulations").

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the following additional terms shall have the following meanings:

- (a) "Inter-ministerial Task Force" means the task force to be created for the Project preparation within the Borrower's ministry in charge of agriculture, pursuant to a formal decision to be issued by the Minister of Agriculture prior to June 30, 2017.
- (b) "SADCP" the Smallholders Agriculture Development and Commercialization Project, signed on September 30, 2016 and currently under implementation.
- (c) "SADCP PIU" means the Project implementation unit within the Agriculture Development Institute within the Angola Ministry of Agriculture referred to in Section I A 4 of Schedule 2 of the SADCP Loan Agreement, signed on September 30, 2016 and currently under implementation.
- (d) "CADP" means the Commercial Agricultural Development Project, under preparation to be financed by the Bank.
- (e) "Operating Costs" means the reasonable expenditures incurred by the Borrower to finance the Activities to preparing the project, including studies, technical assistance, fiduciary and safeguards documentation, information technology equipment and systems, office supplies, vehicle operation and maintenance, communication and printing services, insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Borrower staff for travel linked to the implementation of the Activities, and salaries of contractual staff for the Activities (but excluding salaries of officials of the Borrower's civil service).

"Training" means the reasonable costs associated with training, knowledge study tours and workshops participation, under the Activities, consisting of travel and subsistence costs for training participants, costs (other than consultants' services) associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshops preparation and implementation, as well as for knowledge study tours.

Article II
Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

- (a) Carrying out of the studies for targeted production systems and value chains for poultry, cereals, soya, corn, beans and coffee.
- (b) Preparation of the Project's fiduciary documentation (financial management plan, Project procurement strategy document and procurement plan).
- (c) Preparation of the Project's environmental and social safeguard instruments, including consultations and documentation.
- (d) Preparation of the diagnostic review of land rights and land uses in the Project area.
- (e) Preparation of the infrastructure needs assessment and mapping in the Project area.
- (f) Preparation of the Project's baseline.
- (g) Preparation of the Project communication and dissemination strategy.
- (h) Cost evaluation of equipment and infrastructure works.
- (i) Preparation of the Project's implementation manuals.
- (j) Recruitment of Project staff, fiduciary team including an external auditor and environment and social safeguards team.
- (k) Carrying out of training activities, including: (i) exchange visits or study tours; (ii) validation workshops for dissemination of key preparatory studies and (iii) safeguards consultations and dissemination.
- (l) Preparation of the Project Implementation Unit institutional organization, technical, fiduciary and safeguard staff, workflow, roles and responsibilities, and accountant system.

2.02. **Execution of the Activities Generally.** The Borrower declares its commitment to the objectives of the Activities. To this end, the Borrower shall carry out the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above:

- (a) ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the SADCP PIU, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.
- (b) The Borrower, upon effectiveness of CADP, shall handle the fiduciary responsibilities through the SADCP PIU to the new Project Implementation Unit to be created under CADP with staffing in number and with qualification, experience and terms of reference acceptable to the Bank to the Project implementation.

2.04. ***Monitoring, Reporting and Evaluation of the Activities.*** The Borrower shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. ***Financial Management.***

- (a) The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.
- (b) The Borrower shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank no 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.
- (c) The Borrower shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.
 - (i) If, on or before the Refinancing Date, all of its parties have executed a Refinancing Agreement, the Borrower shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.
 - (ii) If, by the Refinancing Date no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank no later than six (6) months after the end of the Borrower's fiscal year in which the Refinancing Date occurs.
 - (iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial

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Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. Procurement

All goods and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing Goods, Works, Non-Consulting Service and Consulting Services” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated March 22, 2017, provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

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.

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**Article III
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Borrower may withdraw the proceeds of the Advance 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 Borrower (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 following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance (expressed in Dollars)	Percentage of Allocated Expenditures to be Financed (inclusive of Taxes)
(I) Goods, non-consultant services, consultants' services, Operating Costs and Training under the Activities	2,500,000.00	100%
TOTAL AMOUNT	2,500,000.00	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Borrower.

3.03. **Refinancing Date.** The Refinancing Date is March 31, 2018.

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Article IV
Terms of the Advance

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance, together with interest accrued thereon shall be repaid by the Recipient to the World Bank in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by this date, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed US\$50,000, it shall be repaid by the Recipient to the World Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment), on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds US\$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Article V
Borrower's Representative; Addresses

5.01. **Borrower's Representative.** The Borrower's Representative referred to in Section 9.02 of the Standard Conditions is its Minister in charge of finance.

5.02. **Borrower's Address.** The Borrower's Address referred to in Section 9.0 I of the Standard Conditions is:

Ministry of Finance
B.P.1235
Luanda, Angola
Facsimile:
(244) 222 396 843

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391