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TF014225

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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Ed. Corporate Financial Center, 7° Andar
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June 24, 2013

Mr. Daniel Kluppel Carrara
Executive Director
Serviço Nacional de Aprendizagem Rural
SGAN 601 Módulo K
Edifício Antônio Ernesto de Salvo, 1° andar
Brasília, DF, 70830-903
Brazil

Dear Mr. Carrara,

Re: BRAZIL: FIP Grant No. TF014225
Grant for the Preparation of Proposed Promotion of
Low Carbon Agriculture in the Brazilian Cerrado Project
(*Produção Sustentável em Áreas Antropizadas*)

In response to the request for financial assistance made on behalf of *Serviço Nacional de Aprendizagem Rural* ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as Implementing entity for the Forest Investment Program ("FIP") under the Strategic Climate Fund ("SCF"), proposes to extend to the Recipient for the benefit of Federative Republic of Brazil ("Member Country"), a grant in an amount not to exceed one hundred thousand United States Dollars (US$100,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from various donors ("Donors"). In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

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Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copies of this Agreement, and return it to the World Bank. This Agreement shall become effective upon: (i) receipt by the World Bank of a countersigned copy of this Agreement; and (ii) the signing and effectiveness of the Cooperation Agreement referred to in Section 2.03 (a) of the Annex to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if this Agreement shall not been declared effective by July 31, 2013, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
Deborah L. Wetzel
Director
Brazil
Latin America and the Caribbean Region

AGREED:

SERVIÇO NACIONAL DE APRENDIZAGEM RURAL

By _____
Authorized Representative
Name Daniel Klüppel Carrara
Title Secretario Executivo
Date: 28 de junho 2013.

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012.

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

Article I
Standard Conditions; Definitions

1.01. ***Standard Conditions.*** 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. ***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 have the following meanings:

(a) "Cerrado" means a vast tropical savanna-forest mosaic occupying approximately 200 million hectares of the Brazilian Central Plateau which would benefit from the Project.

(b) "Cooperation Agreement" means the agreement, satisfactory to the World Bank, to be entered into between SENAR and MAPA, and referred to in Section 2.03 (c) of this Agreement.

(c) "Investment Plan for the Forest Investment Program" means the Member Country's plan (document FIP/SC.8/4/Rev.1) dated April 23, 2012, and endorsed on May 4, 2012, as amended to the date of this Agreement.

(d) "MAPA" means *Ministério da Agricultura, Pecuaria e Abastecimiento,* the Member Country's Ministry of Agriculture, Livestock and Food Supply or any successor thereto.

(e) "Operating Costs" means reasonable expenses incurred on account of Project implementation, including office equipment and supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs.

(f) "SENAR" means *Serviço Nacional de Aprendizagem Rural,* a non-profit entity established pursuant to by Law No 8.315, dated December 23, 1991, which was regulated by Decree No 566, June 10, 1992, as amended to the date of this Agreement.

(g) "Workshops" means reasonable non-consultant expenditures incurred by the Recipient in connection with the carrying out of workshops, presentations and discussion meetings under the Project, travel and per diem of participants, rental of facilities and equipment and coffee break catering services.

(h) "World Bank's Safeguard Policies" means the World Bank's operational policies and procedures set for in the World Bank's Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 published at www.WorldBank.org/opmanual.

Article II
Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to provide analytical and technical support to the Member Country, through SENAR, for the preparation of the Low Carbon Agriculture in Brazil Project, consistent with the strategic objectives of the FIP Brazil Investment Plan. The Project consists of the following parts:

(a) Carrying out technical and economic studies to identify the most cost effective interventions necessary for the adoption of the low carbon agriculture plan;

(b) designing a Project strategy, results framework and monitoring and evaluation system based on the Investment Plan for the Forest Investment Program endorsed by the FIP sub-committee;

(c) conducting social and environmental impact assessments;

(d) carrying out consultation with key stakeholders;

(e) developing the Project operational manual;

(f) financing the Operating Costs incurred during Project implementation; and

(g) carrying out an audit of the activities financed by the Grant.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project under the assistance of MAPA, pursuant to the provision of the Cooperation Agreement in accordance with the provisions of:

(a) Article II of the Standard Conditions;

(b) 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 ("Anti-Corruption Guidelines"); and

(c) this Article II.

2.03. ***Institutional and Other Arrangements.*** For purposes of carrying out the Project, the Recipient shall:

(a) maintain at all times during Project implementation professional staff in adequate numbers and with terms of reference, qualifications and functions acceptable to the World Bank, to perform all Project's related functions including, *inter alia*, procurement and financial management;

(b) ensure that the terms of reference for any technical assistance provided under Section 2.01 of the Project shall be satisfactory to the World Bank and, to that end, such terms of reference shall require that the advice conveyed through such technical assistance be consistent with the requirements of the World Bank's Safeguard Policies;

(c) enter into an agreement with MAPA (the Cooperation Agreement), under terms and conditions satisfactory to the World Bank, including *inter alia* the responsibility for MAPA to provide technical guidance to the Recipient and oversee Project implementation;and

(d) exercise its rights and carry out its obligations under the Cooperation Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. The Recipient shall not, except as the World Bank shall otherwise agree, assign, amend, abrogate, suspend, waive, terminate or fail to enforce the Cooperation Agreement or any provision thereof. In case of any conflict between the terms of the Cooperation Agreement and those of this Agreement, the terms of this Agreement shall prevail.

2.04. ***Project Monitoring, Reporting and Evaluation.***

(a) The Recipient 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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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 not later than six months after the Closing Date.

2.05. ***Financial Management.***

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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.

(c) The Recipient shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. ***Procurement***

(a) General. All 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:

(i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of non-consulting services;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, 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").

(b) Definitions. The capitalized terms used in the following paragraphs of 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.

(c) Particular Methods of Procurement of Non-consulting Services.

Non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Selection of Individual Consultants.

(e) 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.

Article III
Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The 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:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Non-consulting services, consultants' services, Workshops and Operating Costs	100,000	100%
TOTAL AMOUNT	100,000	

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 Recipient, except that withdrawals up to an aggregate amount not to exceed $20,000 equivalent may be made for payments made prior to this date but on or after January 9, 2013, for Eligible Expenditures.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is February 20, 2014.

Article IV
Additional Remedies

4.01. ***Additional Events of Suspension.*** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) Law No 8.315, dated December 23, 1991, and Decree No 566, June 10, 1992 have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely, in the opinion of the World Bank, the execution of the Project.

(b) MAPA shall have failed to comply with any of its obligations under the Cooperation Agreement.

Article V
Recipient's Representative; Addresses

6.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director.

6.02. ***Recipient's Address***. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Serviço Nacional de Aprendizagem Rural
SGAN 601 Módulo K
Edifício Antônio Ernesto de Salvo, 1° andar
Brasília, DF, CEP: 70830-903
Brazil

Facsimile: (55-61) 2109-1325

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

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

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