

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY
June 18, 2010

His Excellency Hassani Hamadi
Ministry of Finance, Budget and Female Entrepreneurship
Moroni
COMOROS

Re: Union of the Comoros: JSDF Grant for Comoros Emergency Food
Security and Unemployment Support through Cash-for-Work
Project
Grant No. TF097191

Excellency:

In response to the request for financial assistance made on behalf of Union of the Comoros (“the Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), as administrator of grant funds provided by Japan under the Japan Social Development Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million three hundred sixty six thousand United States Dollars (US\$2,366,000) (“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 Japan Social Development Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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.

Article I

Standard Conditions; Definitions

1.01. *Standard Conditions.* The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 1, 2008 (“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 meaning:

- (a) “Administrative and Financial Manual” means the Administrative and Financial Manual adopted by the Recipient and the Project Implementing Entity, dated April 2010, setting forth the administrative and financial arrangements and procedures governing the Project, as such Administrative and Financial Manual may be amended from time to time with the prior agreement of the World Bank.
- (b) “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
- (c) “Delegated Management Agreement” means an agreement between the Project Implementing Entity and the Implementing Agency for the financing of a Sub-project under Part A of the Project.
- (d) “Environmental and Social Management Framework” or “ESMF” means the Environmental and Social Management Framework, dated April 2010, adopted by the Recipient, giving details of the 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.
- (e) “Environmental Management Plan” or “EMP” means an Environmental Management Plan, acceptable to the Association and consistent with the Environmental and Social Management Framework, adopted for the purposes of a Sub-project, and giving details of the specific actions, measures and policies designed to maximize the benefits of the Sub-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, measures and policies.
- (f) “Environmental Procedures Manual” means the Environmental Procedures Manual adopted by the Recipient and the Project Implementing Entity, dated April 2010, giving details of the 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, measures and policies, as such Environmental Procedures Manual may be amended from time to time with the prior agreement of the Association.
- (g) “Implementing Agency” means a non-governmental organization, team of consultants, or constructing firm or association, as the case may be, established and operating under the laws of the Recipient and deemed eligible in terms of the Procedures Manuals to implement or to be otherwise involved in the implementation of a Sub-project.
- (h) “Operating Costs” means the incremental expenditures incurred by the Project Implementing Entity on account of Project implementation including, *inter alia*, consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and *per diems*, but excluding salaries of officials of the Recipient’s civil service.
- (i) “Operations Manual” means the Operations Manual adopted by the Recipient and the Project Implementing Entity, dated April 2010, giving details of guidelines and procedures agreed with the World Bank for the implementation, supervision, and monitoring and evaluation, of a Subproject, as such Operations Manual may be amended from time to time with the prior agreement of the World Bank.
- (j) “Procedures Manuals” means, collectively, the Administrative and Financial Manual, Operations Manual, Environmental Procedures Manual and Social Protection Manual.
- (k) “Project Implementing Entity” means *Fonds d’Appui au Développement Communautaire (FADC)*, a not-for-profit private association serving the public interest (*association privée à but non lucratif reconnue d’intérêt public*) established under Presidential Ordinance, dated January 6, 1993, and operating under the laws of the Recipient.
- (l) “Project Implementing Entity’s Legislation” means the Recipient’s legislation and supporting instruments establishing the Project Implementing Entity, as such legislation and other instruments may have been amended from time to time prior to the date of this Agreement.
- (m) “Social Protection Manual” means the Social Protection Manual adopted by the Recipient and the Project Implementing Entity, dated April 2010, giving details of guidelines and procedures agreed with the Association for the implementation of Part A of the Project, as such Social Protection Manual may be amended from time to time with the prior agreement of the World Bank.
- (n) “Sub-financing” means a financing made, or to be made, out of the proceeds of the Grant to finance a Sub-project.
- (o) “Sub-project” means any activity under Part A of the Project financed or to be financed out of the proceeds of a Sub-financing.
- (p) “Subsidiary Agreement” means the agreement referred to in paragraph 2.03 (a) of the annex to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity.

- (q) “Training” means training and training-related activities under the Project, including seminars, workshops and study tours, together with all costs associated with travel and subsistence allowances for training participants, trainers’ fees, rental of training facilities, preparation and reproduction of training materials and other activities reasonably incidental to the preparation and implementation of training activities.

Article II Project Execution

2.01. ***Project Objective and Description.*** The objective of the Project is to increase access to short-term employment in food insecure areas in the Recipient’s territory.

The Project consists of the following parts:

A. Social Safety Net (cash-for-work)

(a) Implementation of a labor intensive cash-for-work program designed to increase access to short-term employment in areas affected by the global economic crisis, and consisting of activities selected by communities, using a transparent targeting mechanism to allocate funds across the islands, identify affected communities and select beneficiary households; and (b) provision of training for the benefit of staff of the Implementing Agencies engaged on the implementation of the above activities.

B. Project management, monitoring, evaluation, and audit

Provision of support in the form of technical advisory services, training and other material assistance for the benefit of the Project Implementing Entity to facilitate the implementation of financial and technical audits, impact evaluations, beneficiary assessments, training programs.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out, by the Project Implementing Entity in accordance with: (a) the provisions of 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 (“Anti-Corruption Guidelines”); (c) the Subsidiary Agreement; (d) the Procedures Manual; and (e) this Article II.

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

- (a) enter into a Subsidiary Agreement, on terms and conditions satisfactory to the World Bank with the Project Implementing Entity, providing, *inter alia*, for: (i) the provision to the Project Implementing Entity of the funds and other resources required to enable it to carry out the Project; and (ii) the obligation of the Project Implementing Entity to carry out the Project in accordance with the terms and conditions set forth in this Agreement; (iii) for purposes of Sub-projects, the obligation of the Project Implementing Entity to allocate Sub-financings out of the proceeds of the Grant to selected Implementing

- Agencies for the benefit of selected communities in accordance with the Procedures Manuals; (iv) for purposes of each Sub-financing, the obligation of the Project Implementing Entity to enter into a Delegated Management Agreement with selected Implementing Agencies in the form of the model provided in the Procedures Manuals, and on terms and conditions satisfactory to the World Bank; and (v) the obligation of the Project Implementing Entity to implement the Project in accordance with the ESMF and the EMPs, and for the purposes of any Sub-project, and prior to implementation thereof, proceed to have an EMP;
- (b) exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, the Recipient shall not change, assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In the event of any inconsistency between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the latter shall prevail; and
 - (c) ensure that the Project is carried out in accordance with the provisions of the Anti-corruption Guidelines.

2.04. ***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 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall cause the Project Implementing Entity to have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. ***Procurement***

- (a) General. All goods, works and 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 under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”), in the case of goods and works; and
 - (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.
- (c) Particular Methods of Procurement of Goods and Works
- (i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
- (ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) National Competitive Bidding; and (B) Shopping.
- (d) Particular Methods of Procurement of Consultants’ Services
- (i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- (ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection; (D) Selection of Individual Consultants; and (E) Sole Source Procedures for the 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) Article III of 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 Grant Allocated (expressed in US \$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consultants' services, Sub-financing, Training, Operating Costs and audits	2,366,000	100%
TOTAL AMOUNT	2,366,000	

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 Effectiveness date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

Article IV

Additional Remedies

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

- (a) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely its ability to perform any of its obligations under the Grant Agreement.
- (b) The Project Implementing Entity has failed to perform any obligation under this Agreement or the Subsidiary Agreement.

Article V

Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of the Recipient at the time responsible for finance.

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

B. P. 324
Moroni
Comoros

Telex:

Facsimile:

245-MIEF-CAB KO (269) 74 41 40
5.03. **World Bank's Address.** 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