

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H265-COM

**Agreement Providing for
the Amendment and Restatement
of the
Project Agreement**

(Services Support Project-First Additional Financing)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

Dated October 5, 2009

GRANT NUMBER H265-COM

**AGREEMENT PROVIDING FOR
THE AMENDMENT AND RESTATEMENT OF
THE PROJECT AGREEMENT**

AGREEMENT dated October 5, 2009, between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and *FONDS D’APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE* (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement of same date between the UNION OF COMOROS (“Recipient) and the Association (the “Financing Agreement”) (the Agreement to Amend the Financing Agreement).

WHEREAS the Project Implementing Entity and the Association have agreed to amend the Project Agreement between the Project Implementing Entity and the Association dated February 21, 2007, in the manner hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Section 1.01. The Project Agreement is hereby amended and restated so as to read as set forth in the Annex hereto.

Section 1.02. This Agreement shall become effective upon the signing hereof.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names at New York, and the District of Columbia, United States of America, as of the day and year first above written.

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

By: /s/ Doulfat Dhilkamal
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Johannes Zutt
Authorized Representative

**AGREEMENT PROVIDING FOR
THE AMENDMENT AND RESTATEMENT OF
THE PROJECT AGREEMENT**

GRANT NUMBER H265-COM

Project Agreement

(Services Support Project - First Additional Financing)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

Dated February 21, 2007

GRANT NUMBER H265-COM

PROJECT AGREEMENT

Agreement dated February 21, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and *FONDS D’APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE* (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement of same date between the UNION OF COMOROS (“Recipient) and the Association (the “Financing Agreement”). The Association 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 Financing Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Financing 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 the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is its National Executive Director.

3.02. The Association's Address is:

For the Association:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Fonds d'Appui au Développement Communautaire
Route Hadoudja
B. P. 2494
Moroni
Comores

Facsimile:

(269) 73 28 84

AGREED at Washington, DC, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Irene Xenakis

Authorized Representative

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

By /s/ Mahamoud Aboudou

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

A. Overall Project Implementation

1. (a) The main organs of the Project Implementation Entity shall be the FADC Central Coordination Committee, the FADC National Executive Secretariat, and a FADC Regional Committee and a FADC Regional Executive Secretariat for each of the three islands comprised in the Recipient's territory.
 - (b) The FADC National Executive Secretariat shall be headed by a National Executive Director.
 - (c) The FADC Central Coordination Committee shall meet regularly and shall be responsible for approval of the annual work programs and budgets, review of audit reports, and appointment of the National Executive Director, and of a Regional Executive Director to head each of the FADC Regional Executive Secretariats.
 - (d) The Project Implementation Entity shall ensure that the position of the National Executive Director, as well as those of the Regional Directors and other higher level staff, shall be kept filled at all times by appropriate officials, having qualifications, experience and terms of reference which shall have been communicated to, and deemed acceptable by, the Association.
2. Except as the Association shall otherwise agree, the Project Implementation Entity shall: (a) apply the criteria, policies, procedures and arrangements set out in the Procedures Manual, the Accounting and Administrative Procedures Manual, the Project Implementation Plans, the Environmental and Social Management Framework and the Resettlement Policy Framework; and (b) not amend or waive, or permit to be amended or waived, the Procedures Manual, the Accounting and Administrative Procedures Manual, the Project Implementation Plans, the Environmental and Social Management Framework and the Resettlement Policy Framework, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

B. Sub-projects and Sub-Grants

1. The proceeds of the Grant allocated for purposes of Sub-Grants to finance Sub-projects under Part A.1 of the Project shall be subject to the following terms and conditions:
 - (a) the amount so transferred to the Project Implementation Entity shall be used exclusively to provide Sub-Grants for the benefit of Beneficiaries to finance the construction and rehabilitation of basic social and economic infrastructure needed to maintain essential community services;
 - (b) the Sub-project shall be for any of the types of activities referred to in Part A1. of the Project;
 - (c) no Sub-project shall be considered for financing under the Project except in accordance with criteria, and terms and conditions, set forth in the Procedures Manual;
 - (d) the Sub-project shall be economically, financially, environmentally, socially, institutionally and technically sound in accordance with the standards specified in the Procedures Manual, the Environmental and Social Management Framework and the Resettlement Policy Framework;
 - (e) an analysis of the environmental impacts of the Sub-project shall be undertaken in compliance with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework, and, if applicable, an environmental impact assessment shall be carried out and any other environmental and social requirements, including mitigation, compensation, rehabilitation and resettlement measures, provided under the Environmental and Social Management Framework and the Resettlement Policy Framework, shall be complied with, all in a manner satisfactory to the Association;
 - (f) adequate arrangements shall be in place for the financing of maintenance and other incremental recurrent costs related to the Sub-project; and
 - (g) the amount of each Sub-Grant shall be determined according to a cost-sharing formula, which shall be acceptable to the Association and specified in the Procedures Manual; provided, however, that the amount of each Sub-Grant shall not exceed seventy-five million KMF (KMF 75,000,000).

2. Applications for Sub-Grants to finance Sub-projects shall be prepared by the Beneficiaries based on priorities identified in the local and community development plans. Sub-projects shall be appraised by the respective FADC Regional Executive Secretariat. Applications for Sub-Grants equal to or in excess of fifteen million KMF (KMF 15,000,000) shall be transmitted for final approval by the FADC Regional Executive Secretariat to the FADC National Executive Secretariat.
3. Where the FADC National Executive Secretariat, as the case may be, approves an application for a Sub-Grant, the FADC National Executive Secretariat refers such application to the relevant FADC Regional Executive Secretariat for financing.
4. Sub-projects under Part A.1 of the Project shall be carried out pursuant to Financing Agreements, to be concluded between the Project Implementation Entity and the Beneficiaries, under terms and conditions satisfactory to the Association, which, *inter alia*, shall include the following:
 - (a) financing to be on a grant basis;
 - (b) the obligation to carry out the Sub-project in accordance with the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, the Procedures Manual, the Environmental and Social Management Framework and the Resettlement Policy Framework, with due diligence and efficiency and in accordance with sound environmental, social, technical, financial and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Sub-project;
 - (c) where applicable, the obligation to carry out, in a manner satisfactory to the Recipient and the Association, an environmental analysis and an environmental assessment, and to adopt adequate environmental mitigation measures including resettlement and rehabilitation of displaced persons in accordance with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework;
 - (d) the requirement that: (i) the goods, works, and services to be financed from the proceeds of the Sub-Grant shall be procured in accordance with the procedures set forth in the Schedule to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Sub-project;

- (e) the right of the Project Implementation Entity to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites and construction included in the Sub-project, the operations thereof and any relevant records and documents;
- (f) the right of the Project Implementation Entity to obtain all information as the Recipient or the Association shall reasonably request regarding the administration, operations and financial conditions of the Sub-project; and
- (g) the right of the Project Implementation Entity to suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-Grant for the Sub-project upon failure by the Beneficiary to perform any of its obligations under its Financing Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of Part A and part of Part E of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 4.08 (b) of the General Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) Number of community-based sub-projects completed under Part A of the Project.
 - (ii) Number of community-based sub-projects completed under Part A of the Project properly maintained one year after completion.
 - (iii) Level of the Operating Ratio.
 - (iv) Increase in enrollment in FADC built/rehabilitated schools or classrooms.

- (v) Increase in the number of people in project areas with access to improved water source.
 - (vi) Increase in the number of people in project areas benefiting from improved roads.
 - (vii) Number of communities in which community-development plans are completed.
 - (viii) Completion of technical audits of the community-based sub-projects completed under Part A of the Project.
2. The Project Implementing Entity shall provide to the Recipient not later than four month after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports; Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to Part A and part of Part E of the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.
3. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

Section III. Procurement

All goods, works and services required for Part A and part of Part E of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Schedule 2 to the Financing Agreement.