

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 3868-COM

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

(Services Support Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

Dated October 5, 2009

Public Disclosure Authorized



CREDIT NUMBER 3868-COM

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

AGREEMENT, dated October 5, 2009 between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and *FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE* (FADC).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Services Support Project - Credit Number 3868 COM), dated May 3, 2004 (the Development Credit Agreement) and FADC and the Association have entered into a Project Agreement of the same date related thereto, for the purpose of providing support during the execution of the Services Support Project, as described in Recital of the Development Credit Agreement (the Project);

(B) the Borrower has requested the Association to provide further additional assistance in the support of the Project and to otherwise restructure the Project; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby 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

ANNEX

**To Agreement providing for Amendment and Restatement of the
PROJECT AGREEMENT**

CREDIT NUMBER 3868-COM

Project Agreement

(Services Support Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

Dated May 3, 2004

CREDIT NUMBER 3868-COM

PROJECT AGREEMENT

AGREEMENT, dated May 3, 2004, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and *FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE* (FADC).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Union of the Comoros (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to nine million Special Drawing Rights (SDR 9,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that FADC agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary agreement to be entered into between the Borrower and FADC, the proceeds of the credit provided for under the Development Credit Agreement will be made available to FADC on the terms and conditions set forth in said Subsidiary Agreement; and

WHEREAS FADC, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth and the term "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement.

ARTICLE II
Execution of the Project

Section 2.01. (a) FADC declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and FADC shall otherwise agree, FADC shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. FADC shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement.

Section 2.04. FADC shall duly perform all its obligations under the Subsidiary Agreement. Except as the Association shall otherwise agree, FADC shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement or any provision thereof.

Section 2.05. (a) FADC shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement, the Subsidiary Agreement, the Procedures Manual, the Accounting and Administrative Procedures Manual, the Environmental and Social Management Framework, the Resettlement Policy Framework, and other matters relating to the purposes of the Credit;

(b) FADC shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by FADC of its obligations under this Agreement and the Subsidiary Agreement, the Procedures Manual, the Accounting and Administrative Procedures Manual, the Environmental and Social Management Framework, and the Resettlement Policy Framework; and

(c) Without prejudice to the generality of the foregoing, FADC shall participate fully in the review referred to in paragraph C.2 of Schedule 3 to the Development Credit Agreement and in any other review of the Project to be carried out by the Borrower and the Association and, to this end, shall: (i) furnish to the Borrower and the Association such reports as may be required for that purpose, and in such detail as the Borrower or the Association shall reasonably request, on the progress and status of the Project; and (ii) following each review, act promptly and diligently in order to take, or assist the Borrower in taking, any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement, or assist the Borrower in implementing, such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

Section 2.06. Not later than December 31 of each year during the implementation of the Project, FADC shall prepare and submit to the Association, the Project Implementation Plan, acceptable to the Borrower and the Association, setting forth the work program and the related budget for the carrying out of the activities under the Project during the following calendar year.

ARTICLE III Management and Operations of FADC

Section 3.01. FADC shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, technical and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. FADC shall at all times operate and maintain its buildings, office space, machinery, equipment, vehicles and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, technical and environmental practices.

Section 3.03. FADC shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. FADC shall have its administrative, technical and managerial performance for each fiscal year audited by independent auditors acceptable to the Association, having regard to the provisions of this Agreement, the Subsidiary Agreement, the Procedures Manual, the Accounting and Administrative Procedures Manual, the Environmental and Social Management Framework, and the Resettlement Policy Framework.

ARTICLE IV
Financial Covenants

Section 4.01. (a) FADC shall maintain a financial management system, including records and accounts, and prepare financial statements, in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) FADC shall:

- (i) have its financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year (or other period agreed to by the Association) commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made, audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year (or such other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

Section 4.02. (a) Without limitation upon FADC's reporting obligations set out in paragraphs C.1 (b), C.2 (b) and C.2 (c) of Schedule 3 to the Development Credit Agreement, FADC shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover the period not covered by the previous FMR until the end of such calendar quarter.

ARTICLE V
Effective Date; Termination;
Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of FADC there under shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date fifteen (15) years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify FADC of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI
Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail. The addresses so specified are:

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

For FADC:

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

Facsimile:

(269) 73 28 84

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of FADC, or by FADC on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by its National Executive Director or such other person or persons as its National Executive Director shall designate in writing, and FADC shall furnish to the

Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Pamela Cox

Authorized Representative

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

By

/s/ Mahamoud Aboud

Authorized Representative

SCHEDULE 1

Procurement

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$50,000 equivalent or more each, and contracts for works shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods estimated to cost less than \$30,000 equivalent per contract may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement from UN Agencies

Vehicles and equipment, including medical equipment, may be procured from the Inter-Agency Procurement Services Office (IAPSO) and United Nations Children's Fund (UNICEF), in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Community Participation

Goods and works required for Part A of the Project shall be procured in accordance with procedures acceptable to the Association, as set forth in the Procedures Manual.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods estimated to cost more than \$50,000 equivalent, and each contract for works estimated to cost more than \$75,000 equivalent, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for training estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Single Source Selection

Services for supervision of rehabilitation and extension of water supply networks under Part D of the Project may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Individual Consultants

Services of individual consultants for: (a) technical assistance under Parts B, D and E of the Project, and (b) small studies under Part E of the Project, shall be procured

under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Association for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every twelve months during the execution of the Project, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Association.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$20,000 or more, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 2

Implementation Program

A. Overall Project Implementation

1. (a) The main organs of FADC 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 Borrower'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) FADC 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, FADC 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. Subprojects and Grants

1. The proceeds of the Credit allocated for purposes of Grants to finance Subprojects under Part A.1 of the Project shall be subject to the following terms and conditions:

(a) the amount so transferred to FADC shall be used exclusively to provide 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 Subproject shall be for any of the types of activities referred to in Part A of the Project;

(c) no Subproject 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 Subproject 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 Subproject 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 Subproject; and

(g) the amount of each 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:

(i) the proceeds of a Grant shall not be used to finance taxes or duties levied on or in respect of any eligible expenditures relating to the Grant; and

(ii) the amount of each Grant shall not exceed seventy five million KMF (KMF 75,000,000).

2. Applications for Grants to finance Subprojects shall be prepared by the Beneficiaries based on priorities identified in the local and intercommunity development

plans. Subprojects shall be appraised by the respective FADC Regional Executive Secretariat. Applications for 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 respective FADC Regional Subproject Committee or the FADC National Executive Secretariat, as the case may be, approves an application for a Grant, FADC Regional Subproject Committee or the FADC National Executive Secretariat, as the case may be, refers such application to the relevant FADC Regional Executive Secretariat for financing.

4. Subprojects under Part A.1 of the Project shall be carried out pursuant to Financing Agreements, to be concluded between FADC 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 Subproject in accordance with 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 Subproject;

(c) where applicable, the obligation to carry out, in a manner satisfactory to the Borrower 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 Grant shall be procured in accordance with the procedures set forth in Schedule 1 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Subproject;

(e) the right of FADC to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites and construction included in the Subproject, the operations thereof and any relevant records and documents;

(f) the right of FADC to obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operations and financial conditions of the Subproject; and

(g) the right of FADC to suspend or terminate the right of the Beneficiary to use the proceeds of the Grant for the Subproject upon failure by the Beneficiary to perform any of its obligations under its Financing Agreement.

C. Communal Pilot Projects

1. The proceeds of the Credit allocated for purposes of financing Communal Pilot Projects under Part A.2 of the Project shall be subject to the following terms and conditions:

(a) the Communal Pilot Project shall be for any of the types of activities referred to in Part A.2 of the Project;

(b) no Communal Pilot Project shall be considered for financing under the Project except in accordance with criteria, and terms and conditions, set forth in the Procedures Manual;

(c) the Communal Pilot 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;

(d) an analysis of the environmental impacts of the Communal Pilot 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;

(e) adequate arrangements shall be in place for the financing of maintenance and other incremental recurrent costs related to the Communal Pilot Project; and

(f) the amount of each Communal Pilot Project shall be determined according to a cost-sharing formula, which shall be acceptable to the Association and specified in the Procedures Manual.

2. Communal Pilot Projects under Part A.2 of the Project shall be carried out pursuant to Framework Agreements, to be concluded between FADC and the Communes, under terms and conditions satisfactory to the Association, which, *inter alia*, shall include the following:

(a) the obligation to carry out the Communal Pilot Project in accordance with 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 Communal Pilot Project;

(b) where applicable, the obligation to carry out, in a manner satisfactory to the Borrower 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;

(c) the requirement that: (i) the goods, works, and services to be financed shall be procured in accordance with the procedures set forth in Schedule 1 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Communal Pilot Project;

(d) the right of FADC to inspect, by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites and construction included in the Communal Pilot Project, the operations thereof and any relevant records and documents;

(e) the right of FADC to obtain all information as the Borrower or the Association shall reasonably request regarding the administration, operations and financial conditions of the Communal Pilot Project; and

(f) the right of FADC to suspend or terminate the right of the Commune upon failure by the Commune to perform any of its obligations under its Framework Agreement.