

CONFORMED COPY

GRANT NUMBER H409-TG

Project Agreement

(Community Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGAIB-Savanes

Dated July 16, 2008

PROJECT AGREEMENT

Agreement dated July 16, 2008, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and AGAIB-Savanes (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between THE REPUBLIC OF TOGO (“Recipient) and the Association. 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 this 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 its Respective Part of 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 its Respective Part of 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 its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is the President of the Regional Board of Directors or any other person designated by such Board.

4.02. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS

248423(MCI)

1-202-477-6391

Washington, D.C.

4.03. The Project Implementing Entity's Address is:

AGAIB-Savanes
BP 102
Dapaong-TOGO

Telex:

Facsimile:

(228) 770 86 97

(228) 770 89 40

AGREED at Lomé, Republic of Togo, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: **/s/ Madani M. Tall**
Authorized Representative

AGAIB-Savanes

By: **/s/ Raymond Lare Monoka**
Authorized Representative

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall maintain, throughout Project implementation, the following bodies: Regional Assembly, Regional Board of Directors, Regional Approval Committee and Regional Coordination in form and substance and with functions and resources satisfactory to the Association.

Regional Assembly (*Assemblée Régionale*)

a) The founding members of the Regional Assembly are representatives, in equal numbers, of: (i) regional directorates of Ministries including the regional directorate in charge of planning; (ii) NGOs; and (iii) civil society. New members may be admitted following procedures specified in the by-laws of the Project Implementing Entity.

(b) The Regional Assembly shall be responsible for, *inter alia*: (i) defining the Project Implementing Entity's policies and strategies; and (ii) electing the Regional Board of Directors and the auditors of the Project Implementing Entity.

Regional Board of Directors (*Conseil d'Administration Régional*)

a) The Regional Board of Directors shall be comprised of seven directors: (i) the Regional Director of Plan (*Directeur Régional du Plan et du Développement*) and two other directors elected by the Line Ministry members; (ii) two directors elected by the NGO members; and (iii) two directors elected by the civil society members.

b) The Regional Board of Directors shall be responsible for, *inter alia*: (i) appointing and revoking the Regional coordinator and ratifying the selection of the technical staff recruited by the Regional Coordinator; (ii) appointing the five members of the Regional Approval Committee; (iii) adopting the Project Implementation Manual (*Manuel de Procédures*); and (iv) reviewing and approving the Project Implementing Entity's program of activities, progress reports and budgets prepared by the Regional Coordinator.

Regional Approval Committee (*Comité Régional d'Approbation*)

a) The Regional Approval Committee shall be comprised of five members: (i) the Director of Regional Planning of the relevant region (*Directeur Régional de l'Aménagement et du*

Développement); (ii) one representative of the Line Ministries; (iii) one representative of NGOs, (iv) one representative of civil society; and (v) one moral *persona*.

b) The Regional Approval Committee shall be responsible for the approval of Sub-projects.

Regional Coordination (*Coordination Régionale*)

a) The Regional Coordination shall be comprised of: (i) a Regional Coordinator; and (ii) project officers, financial and accounting staff and support staff.

b) The Regional Coordinator is responsible for the: (i) day-to-day management of the Project Implementation Entity; (ii) preparation and implementation of the annual work programs and budgets; (iii) preparation and signing of the Subproject Grant Agreements; and (iv) monitoring of the implementation of Sub-projects.

B. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Sub-projects

1. The Project Implementing Entity shall not finance any Sub-projects unless the Association has confirmed in writing that all of the following conditions have been met:

(i) the Project Implementing Entity has opened a Sub-Account with a financial institution acceptable to the Association;

(ii) the Project Implementing Entity has established a financial management system and a procurement system in form and substance satisfactory to the Association, and with functions and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association and recruited in accordance with the provisions of Section III of Schedule 2 of the Financing Agreement;

(iii) the Project Agreement has been executed by the Project Implementing Entity;

(iv) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity; and

(v) a legal opinion satisfactory to the Association from counsel acceptable to the Association shall have confirmed that: (A) the Subsidiary Agreement has been duly

authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms; and (B) the Project Agreement has been duly authorized or ratified by the Project Implementing Entity and is legally binding upon the Project Implementing Entity in accordance with its terms.

2. Subproject Grant Eligibility and Subproject Implementation Guidelines and Procedures

No proposed Subproject shall be eligible for financing under the Project unless the Project Implementing Entity has determined, in accordance with this Agreement and the Project Implementation Manual that the proposed Sub-project satisfies the eligibility criteria specified below and in further detail in the Project Implementation Manual, which shall include the following:

- (a) the proposed Sub-project has been initiated by a Village Development Committee which meets the eligibility criteria specified in the Project Implementation Manual;
- (b) the proposed Subproject is for either (i) socio-economic infrastructure (health, education, water, sanitation and other socio-economic infrastructure) (“Infrastructure Sub-projects”) or (ii) income generating activities (“Income Generating Sub-projects”), as set forth in further detail in the Project Implementation Manual;
- (c) the proposed Subproject does not fall under any non-eligibility criteria specified in the Project Implementation Manual;
- (d) the proposed Subproject complies with the Environmental and Social Management Framework, and Resettlement Policy Framework;
- (e) the proposed Sub-project is consistent with the national sector policies;
- (f) the cost of the proposed Subproject does not exceed: (i) \$60,000 per Sub-project for Infrastructure Sub-projects; and (ii) \$25,000 per Sub-project for Income Generating Sub-projects;
- (g) the respective Village Development Committee ensures that the community contribute at least ten percent (10%) of the projected Sub-project costs in cash or in kind; and
- (i) the relevant Village Development Committee has established a specific committee for management of the proposed Subproject and put in place all necessary arrangements, including financial and human resources, for maintenance of the Subproject.

3. Terms and Conditions of Sub-project Grant Agreements

(a) A Subproject shall be carried out pursuant to a Subproject Grant Agreement, to be concluded between the Project Implementing Entity and the respective Village Development Committee, under terms and conditions satisfactory to the Association, described in further detail in the Project Implementation Manual, which shall include the following:

(i) the obligation of the respective Village Development Committee to ensure that the community contribute at least ten percent (10%) of the projected Sub-project costs in cash or in kind;

(ii) a disbursement mechanism in tranches according to the physical progress of the work;

(iii) the obligation of the Village Development Committee to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, environmental, financial, and administrative practices; (B) ensure that the resources required for the Subproject are provided promptly as needed; (C) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Subproject; and (D) at the request of the Association or the Recipient (through the relevant Project Implementing Entity), have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient (through the relevant Project Implementing Entity) and the Association;

(iv) the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Subproject Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, as further set forth in the Project Implementation Manual, and shall be used exclusively in the carrying out of the Subproject; and

(b) The Project Implementing Entity shall exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to achieve the Project objective, and, except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any substantive provision of the aforementioned.

D. Safeguards

The Project Implementing Entity shall ensure that the Project is implemented in accordance with the provisions of the Environmental and Social Management Framework, and Resettlement Policy Framework, and, except as the Association shall otherwise agree, the Project

Implementing Entity shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than 30 days 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.

2. The Project Implementing Entity shall provide to the Recipient 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 and 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 its Respective Part 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, except that the first audit shall cover a period of more than 12 months and up to 18 months. All audits subsequent to the first shall cover a period of 12 months. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity's Respective Part of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, as further set forth in the Project Implementation Manual.

Section IV. Other Undertakings

1. The Project Implementing Entity shall establish and maintain a financial management system and a procurement system in form and substance satisfactory to the Association, and with functions and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association and recruited in accordance with the provisions of Section III of Schedule 2 of the Financing Agreement.

2. No later than twenty months after the Effective date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient and the Association shall carry out a mid-term review of the Project, covering the progress achieved in the implementation of the Project. The Project Implementing Entity shall prepare under terms of reference satisfactory to the Association, and furnish to the Recipient about two months prior to the beginning of such mid-term review of the Project, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives of the Project during the period following such date.