Project Agreement

(Emergency Crises Response Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

Dated June 28, 2010
GRANT NUMBER H572 KM

PROJECT AGREEMENT

AGREEMENT dated June 28, 2010 (“Project Agreement”), entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and FONDS D’APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE (“FADC”) (“Project Implementing Entity”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the UNION OF THE COMOROS (“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 objective 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:

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

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

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 Morouï, Comoros, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Johannes Zutt

Authorized Representative

FONDS D'APPUI AU DÉVELOPPEMENT COMMUNAUTAIRE

By //s// Ms. Doulfat Dhilkamal

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall maintain a Central Coordination Committee (Comité Central de Coordination), whose mandate, terms of reference and composition shall be acceptable to the Association, to be responsible for general oversight, and monitoring and supervision, of the Project.

2. The Project Implementing Entity shall ensure that:

   (a) subject to the overall authority and oversight functions of its Central Coordination Committee, its national executive director shall be responsible for overall implementation of the Project;

   (b) the national executive director shall be assisted by suitably qualified and experienced staff in adequate numbers, including an administrative and financial director, an accountant, a procurement specialist, a monitoring and evaluation specialist, an internal auditor and an environmental specialist, along with a regional executive director for each of the islands comprised in the territory of the Recipient to be responsible for the implementation of the Project on the island;

   (c) each regional executive director shall in turn be assisted by an accountant, and other specialists in community development, operations, monitoring and evaluation, and procurement; and

   (d) the positions of national executive director, regional executive directors, accountants and other specialists referred to in this paragraph shall be kept filled at all times by persons having qualifications and experience acceptable to the Association.

B. Implementation Obligations

1. The Project Implementing Entity shall carry out the Project in accordance with the Procedures Manuals and, except as the Association shall otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.
2. For purposes of Subprojects, the Project Implementing Entity shall allocate Sub-financings out of the proceeds of the Financing to be applied on a non-reimbursable grant basis for the benefit of selected communities in accordance with the guidelines and procedures, and on the terms and conditions, set forth in the Procedures Manuals, and the additional terms and conditions set forth in Part C of this Section.

C. Additional Provisions Governing Subprojects

1. No Sub-financing shall be allocated out of the proceeds of the Financing to finance a Subproject unless the Project Implementing Entity shall have determined, on the basis of the guidelines, procedures and eligibility criteria, acceptable to the Association and set forth in the Procedures Manuals, that such Subproject satisfies the relevant eligibility criteria, which shall include the following:

   (a) in the case of a Subproject under Part A of the Project, the Subproject (i) is well designed to increase access to short-term employment in areas affected by the global economic crisis, and (ii) does not fall within the negative list of ineligible activities set forth in paragraph 5 this Section and the Procedures Manuals; and

   (b) in the case of a Subproject under Part B of the Project, (i) the Subproject is likely to contribute to restoring access to basic social and economic services, and (ii) the beneficiary community has organized itself into a community association having legal entity and capable of entering into a contract with the Project Implementing Entity.

2. For purposes of each Sub-financing, a Sub-financing Agreement, whether a Delegated Management Agreement or a Sub-grant Agreement, shall be concluded with the Beneficiary in the form of the model provided in the Procedures Manuals, and on terms and conditions satisfactory to the Association, including the following additional terms and conditions:

   (a) The Beneficiary shall be required to carry out and operate the Subproject with due diligence and efficiency, and in accordance with sound administrative, financial and technical practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, and with due regard to appropriate environmental considerations.
(b) The Beneficiary shall have the obligation to ensure at all times that:
(i) goods, works and consultants’ services to be financed out of the proceeds of the Sub-financing shall be procured in accordance with the provisions of Schedule 2 to the Financing Agreement; (ii) such goods, works and consultants’ services shall be used exclusively for implementing the Subproject and achieving the objective of the Project; and (iii) upon completion of the Subproject, such Subproject shall be operated and maintained in accordance with the operation and maintenance plan agreed upon with the Project Implementing Entity.

(c) The Beneficiary shall: (i) 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 its operations, resources and expenditures related to the Subproject; and (ii) at the Recipient’s or the Association’s or the Project Implementing Entity’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, the Association and the Project Implementing Entity.

(d) The Project Implementing Entity shall have the right to inspect, by itself or jointly with representatives of the Recipient or the Association, if the Association shall so request, the goods, works and services included in the Subproject, the operation thereof and any relevant records and documents, and obtain any report in connection therewith, of such scope and in such detail as the Association shall reasonably request.

(e) The Project Implementing Entity shall have the right to obtain all such information as the Project Implementing Entity, the Recipient or the Association shall reasonably request relating to the administration, operations and financial condition of each Beneficiary, and the benefits derived from the Subproject.

(f) The right of any Beneficiary to the use of the proceeds of the Sub-financing, or any part thereof, shall be promptly suspended upon failure by such Beneficiary to perform any of its respective obligations under the Sub-financing Agreement.

3. The Project Implementing Entity shall exercise its rights under each Sub-financing Agreement in such manner as to protect the interests of the Recipient, the Association and the Project Implementing Entity, and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall
otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

4. No Subproject shall be eligible for financing out of the proceeds of the Financing unless a Sub-financing Agreement has been concluded to this effect on terms and conditions set forth or referred to in this Agreement, the Financing Agreement, the Subsidiary Agreement and the Procedures Manuals.

5. No Sub-financing shall be made to finance expenditures pertaining to or involving: (a) a military or paramilitary purpose; (b) civil works for government administration or religious purposes; (c) the manufacture or use of environmentally hazardous goods (including asbestos, pesticides and herbicides), arms or illegal drugs; (d) the manufacture or use of dynamite; (e) the financing of government salaries; (f) the production, processing, handling, storage or sale of tobacco or products containing tobacco; (g) activities within a nature reserve or any other area designated by the Recipient for the management and/or the protection of biodiversity, except with the prior written approval of the Recipient’s agency responsible for the management and/or protection of such area; (h) mining or excavation of live coral; (i) alterations to river courses; (j) land reclamation covering an area in excess of 50 hectares; (k) new irrigation schemes covering an area in excess of 100 hectares; (l) the construction of water retaining or storage structures of a capacity greater than 10,000 cubic meters; or (m) the provision of goods, works or services, directly or through intermediaries, by suppliers or contractors, as the case may be, who have been declared ineligible to participate in the procurement of any Bank-financed or Association-financed contract, whether indefinitely or for a stated period of time, as a result of a decision of the Bank or the Association, and in accordance with the terms of the decision.

D. **Anti-Corruption**

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

E. **Safeguards.**

1. The Project Implementing Entity shall implement the Project in accordance with the ESMF, and RPF.

2. Wherever required in terms of the ESMF or RPF, the Project Implementing Entity shall, for the purposes of any Subproject, and prior to implementation thereof, proceed to have an EMP or RAP:

   (a) prepared in form and substance satisfactory to the Association;
(b) submitted to the Association for review and approval; and

(c) thereafter adopted and locally disclosed.

3. The Project Implementing Entity shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with the ESMF and RPF, if any, giving details of:

(a) measures taken in furtherance of such ESMF and RPF, including EMPs and RAPs, if any;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF and RPF, and EMPs and RAPs, if any; and

(c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later 45 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, not later than four (4) months 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 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 the Project.
2.  (a) 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. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

(b) The Project Implementing Entity shall take steps to have the auditors referred to in subparagraph (a) of this paragraph appointed no more than three months after the Effective Date.

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 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.