March 31, 2016

Her Excellency Siti KASSIM
Minister for Production, Environment, Energy,
Industry and Craft
In charge of the Ministry of Finance, Economy, Budget,
Investment and Foreign Trade in charge of Privatization
Moroni, COMOROS

Excellency:

**Re: Union of the Comoros: JSDF Grant for Comoros Coastal Resources Co-Management for Sustainable Livelihood Project (JSDF Grant No. TF098850)**

**Second Amendment to the Grant Agreement**

We refer to the Grant Agreement (the “Agreement”), dated March 16, 2012, for the above-mentioned Project, between the Union of the Comoros (the “Recipient”) and the International Development Association (the “World Bank”), acting as administrator of grant funds provided by Japan under the Japan Social Development Fund. We also refer to your letter dated December 2, 2015, pursuant to which the Recipient requested the World Bank to make specific amendments to the Agreement. Capitalized terms used in this letter (“Amendment Letter”) and not otherwise defined herein have the meaning ascribed to them in the Agreement.

We are pleased to inform you that the World Bank accedes to your request, and proposes, through this Amendment Letter, to amend the Agreement as follows:

1. Paragraphs (b), (h), (p), (r), (s), (t) and (u) of Section 1.02 of the Annex to the Agreement are deleted and the remaining paragraphs are renumbered from (a) to (n).

2. Section 2.01 of the Annex to the Agreement is deleted in its entirety and replaced with Attachment 1 to this Amendment Letter.

3. Section 2.02 of the Annex to the Agreement is amended to read as follows:

“2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall:

(a) carry out the Project, other than Part 2(c), through the General Directorate for Fisheries Resources (Direction Générale des Ressources Halieutiques – DGRH); and

(b) cause Part 2(c) of the Project to be carried out by the FADC,
in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; (c) this Article II; (d) the Project Operational Manual; and (e) the Safeguards Instruments.”

4. Section 2.03 of the Annex to the Agreement is deleted in its entirety and replaced with the following:

“2.03. Institutional and Other Arrangements. Without limitations upon the provisions of Section 2.02 above:

(a) The Recipient shall adopt, maintain, and furnish to the World Bank an operational manual for the Project ("Project Operational Manual"), setting forth the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring, evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

(b) Except as the World Bank and the Recipient may otherwise agree, the Recipient shall not amend, abrogate, waive, or otherwise modify; or permit to be amended, abrogated, waived, or otherwise modified the Project Operational Manual or any provision thereof, without the prior written approval of the World Bank. In case of inconsistency between this Agreement and the Project Operational Manual, the terms of this Agreement shall prevail.

(c) To facilitate the carrying out of FADC’s respective Part of the Project, the Recipient shall make part of the proceeds of the Grant available to FADC on a grant basis under a subsidiary agreement between the Recipient and FADC, under terms and conditions approved by the World Bank (“Subsidiary Agreement”), including terms whereby FADC shall be required to: (i) carry out Part 2(c) of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of its objectives; (v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (vi) enable the Recipient and the World Bank to inspect the Project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.
The Recipient shall obtain rights adequate to protect its interests and those of the World Bank and shall perform its obligations and exercise said rights under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

The Recipient shall, throughout the implementation of the Project, maintain within the DGRH a Project Management Unit (Unité Nationale de Gestion de Projet) in form and with staffing and functions satisfactory to the World Bank to be responsible for, inter alia, the overall fiduciary aspect of the Project.

The Recipient shall ensure that: (i) at all time during implementation of the Project, FADC is staffed in numbers and functions satisfactory to the World Bank, inter alia, the overall coordination, planning, financial management, procurement, monitoring and evaluation of activities carried out under Part 2(c) of the Project.

The Recipient shall, not later than six (6) months after the Effective Date, recruit an independent NGO to be responsible for the Project’s monitoring and evaluation, and the assessment of the local facilitation team as well as other members of the administration involved in the Project, in accordance with Section 2.05 of this Agreement.

The Recipient shall: (i) ensure that the Project is carried out in accordance with the provisions of the ESMF and the EMP; and (ii) monitor the status of compliance with the ESMF and the EMP and prepare and furnish to the World Bank, as part of the Project Report, reports on the results of such monitoring activities.”

The table in Section 3.01 of the Annex to the Agreement is deleted in its entirety and replaced with Attachment 2 to the Amendment Letter.

Section 3.03 of the Annex to the Agreement is amended to read as follows:

“3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2017.”

Please confirm your agreement with the foregoing amendments by signing and dating this Amendment Letter in the spaces provided below. Henceforward, all other provisions of the Agreement not hereby amended shall remain in full force and effect. This Amendment Letter shall be executed in two counterparts each of which shall be an original.
Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date of countersignature upon receipt by the World Bank of the countersigned original of this Amendment Letter.

Sincerely,

Mark R. Lundell
Mark R. Lundell
Country Director
Comoros, Madagascar, Mauritius, Mozambique, and Seychelles
Africa Region

CONFIRMED AND AGREED:

UNION OF THE COMOROS

By: ____________________________

Name: Madame Siti KASSIM

Title: Ministre des Finances a.i

Date: 14/04/2016
"2.01. **Project Objectives and Description.** The objective of the Project is to strengthen stakeholders' capacity to prepare community management plans of selected priority fisheries and increase access to community-managed infrastructure in pilot sites. The Project consists of the following parts:

**Part 1. Capacity Building in Community Management Planning of Fisheries**

Carrying out a program of activities, including: (a) an analysis of the coastal capacity as well as the sustainability of current practices; (b) the preparation of community fisheries and coastal resources management plans; (c) the institutionalization of community management of fisheries; and (d) the promotion of safety-at-sea-practices.

**Part 2. Capacity Building in and Construction of Community Infrastructure**

Provision of support to: (a) the sensitization to sustainable exploitation of coastal resources; (b) capacity building for investment project management and microfinance; and (c) planning and investments in fishing communities.

**Part 3. Project Management, Monitoring and Evaluation and Communication**

Provision of technical assistance to support the Recipient’s capacity for Project implementation, including: (i) coordination; (ii) monitoring and evaluation; and (iii) communication."
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants’ services, Training and Operating Costs for the Project, other than for Part 2(c)</td>
<td>1,649,400</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services, Training and Operating Costs for Part 2(c) of the Project</td>
<td>1,080,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,729,400</td>
<td></td>
</tr>
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</table>