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OFFICIAL
DOCUMENTS

CREDIT NUMBER 6423-KM

Financing Agreement

(Integrated Development and Competitiveness Project)

between

UNION OF COMOROS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6423-KM

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the UNION OF COMOROS ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of assisting in financing the project described in Schedule 1 to this Agreement ("Project"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to eighteen million one hundred thousand Special Drawing Rights (SDR 18,100,000) (variously, "Credit" and "Financing"), to assist in financing the Project described in Schedule 1 to this Agreement.

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, through MEAPE, in accordance with the provisions of Article V of the General Conditions and, Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Recipient, through MEAPE, has prepared and adopted the Project Implementation Manual, in form and substance satisfactory to the Association;

(b) the Recipient shall have established the Steering Committee, in a manner satisfactory to the Association; and

(c) the Recipient shall have established the MEAPE PIU, in a manner satisfactory the Association, and appointed a Project coordinator, a procurement specialist, a financial management specialist, a senior accountant, a social safeguards specialist, and an environmental safeguards specialist, in accordance with the Procurement Regulations, and all under terms of reference, and with qualifications and experience satisfactory to the Association.

4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

4.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its minister responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance and Budget
Place de l' Independence
B.P. 324
Moroni
Union of Comoros; and

(b) the Recipient's Electronic Address is:

Facsimile: (269) 764-41-40

5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

SCHEDULE 1

Project Description

The objective of the Project is to promote the development of Micro, Small and Medium Enterprises (MSMEs) and relevant value chain actors in the agriculture, tourism and associated sectors in Comoros.

The Project consists of the following parts:

Part 1: Value Chain Development in Priority Sectors

Strengthening the Institutional Environment for Agriculture and Tourism Value Chain Development

1. Supporting key stakeholders to: (a) improve governance and introduce growth-inducing regulation in Project-supported value chains (agriculture and tourism); and (b) enhance the attractiveness of the country as a more holistic, connected tourist destination through, *inter alia*:

   (i) supporting MEAPE to: (A) structure, monitor and reform the regulatory framework governing agricultural inputs, factors of production, and investment climate for agriculture; and (B) prepare an agriculture investment plan and validate it through inclusive and participatory stakeholder consultation;

   (ii) establishing an agriculture data unit within MEAPE, and building the required technical capacity for said unit to conduct monitoring and evaluation;

   (iii) reviewing the tourism sector institutional and regulatory framework, both public and private, and the regulatory framework (standards and licensing);

   (iv) supporting the areas of promotion of investment in tourism, *inter alia*, conducting campaigns to increase visibility, and improving the enabling environment to encourage private investment;

   (v) leveraging private sector participation in tourism development through targeted investment and technical advisory support for the development of new, innovative and well managed tourism offerings;

   (vi) developing and promoting cruise tourism; and

   (vii) improving tourism sites, *inter alia*, management system, promotion, infrastructure, facilities (interpretation) and welcome services.

Structuring Value Chains for Agribusiness Development

2. Structuring export, livestock, vegetable and fruit value chains through, *inter alia*:

(a) carrying out the rehabilitation and upgrade of three (3) *Centre Rurale de Developpement Economique* (CRDE) service platforms, with a focus on water management infrastructure, seed storage, demonstration and multiplication plots, and tree nurseries;

(b) supporting Training of trainers of CRDE crop technicians, students at the National Center of Horticulture, and local farmer trainers;

(c) providing improved seeds and planting materials, on-farm demonstrations, formation of farmer groups and technical advisory services;

(d) supporting shared service within the CRDE system, including, *inter alia*, utilization of shared mechanized farm equipment and transport vehicles;

(e) distributing poultry breeding kits to poultry producers;

(f) building the capacity of veterinary cadre and delivery of animal healthcare services;

(g) establishing and operating livestock (dairy and poultry) hubs at four CRDEs;

(h) capacity building for the establishment and professionalization of cooperatives;

(i) developing professional horizontal platforms for crop and livestock perishables connecting farmer organizations and cooperatives with input suppliers, transporters, processors, retailers and CRDEs;

(j) providing technical advisory services to producer-processor export cooperatives; and

(k) facilitating south-south exchanges for mature cooperatives and key Project value chain stakeholders.

Productive Infrastructure for Connectivity and Market Access

3. Supporting targeted investments in: (a) processing and market access infrastructure to unlock well identified off-farm bottlenecks for Project-supported value chains, including, *inter alia*, financing cold storage units, dry storage or warehousing units or handling equipment; and (b) rehabilitation of priority

(based on the Project activities in agriculture and tourism value chains) paved and unpaved feeder roads and associated drainage infrastructure.

Part 2: Direct Support to Firms

Strengthening the competitiveness of the private sector by providing direct technical and financial support to MSMEs and cooperatives through:

1. Conducting business plan competition (BPC) to assist local entrepreneurs during the early cycles of enterprise development (such as incubation and early stage development and growth), with a focus on women entrepreneurs (Beneficiaries), through the provision of BPC Grants to finance the start-up business plans ("Subproject"); and

2. Developing and strengthening established local MSMEs, group of MSMEs or cooperatives through, *inter alia*, the provision of MSME Grants to finance business plans (Subprojects).

Part 3: Project Implementation and Coordination

Strengthening the capacity for Project oversight, coordination, management, implementation and supervision of the Project, including through, *inter alia*, facilitating the implementation of the Steering Committee's mandate, and enhancing the capacity of the MEAPE PIU for carrying out day to day Project-related stakeholder outreach and communications, procurement, financial management, monitoring and evaluation and environment and social safeguards.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

MEAPE PIU

1. The Recipient shall: (a) maintain, at all times throughout Project implementation, a Project implementing unit within MEAPE (MEAPE PIU), and no later than three (3) months after the Effective Date, appoint within the MEAPE PIU, in accordance with the Procurement Regulations, a team comprised of a full-time Project coordinator, a MSME specialist, a value chain specialist, a procurement specialist, a senior accountant, a financial management specialist, an internal auditor, a social safeguards specialist, an environmental safeguards specialist, a monitoring and evaluation specialist, a communications specialist, and such other technical, safeguards and fiduciary specialists as may be agreed with the Association, all under terms of reference, and with qualifications and experience satisfactory to the Association; and (b) ensure that throughout Project implementation, the MEAPE PIU has adequate resources and staffing to carry out its responsibilities under the Project, all as further detailed in the PIM. The Recipient, through the MEAPE PIU, shall be responsible for the overall day-to-day management and implementation of the Project, including its technical, fiduciary, safeguards, monitoring and evaluation, supervision and reporting aspects, as further detailed in the PIM.

Project Steering Committee

2. The Recipient shall maintain, at all times throughout Project implementation, a Project steering committee (Steering Committee), with composition, mandate, and resources, satisfactory to the Association, which shall be headed by a high-level representative of the MEAPE and shall include high-level representatives of relevant ministries, public agencies, and private sector and civil society stakeholders involved in Project implementation, and as further detailed in the PIM. The Steering Committee shall be responsible for coordinating, including at the inter-ministerial level, and providing overall strategic guidance for Project implementation and approval of proposed Annual Work Plans and Budgets, acceptable to the Association.

Independent Technical Service Providers for Part 2 of the Project

3. For purposes of carrying out Part 2 of the Project, the Recipient shall maintain, at all times throughout Project implementation, independent technical service

providers, under terms of reference, qualifications and experience acceptable to the Association. The independent technical service providers shall be responsible for, *inter alia*, carrying out the technical and financial evaluation of applications from Beneficiaries, including reviewing their proposed business plans, and recommend for approval by the Subproject Grants Facility Selection Committee the allocation of Grants to Beneficiaries, as further detailed in the PIM and Subproject Grants Manual.

Subproject Grants Facility Selection Committee for Part 2 of the Project

4. For purposes of carrying out Part 2 of the Project, the Recipient shall maintain, at all times throughout Project implementation, a Subproject Grants Facility Selection Committee, under terms of reference and with a mandate, resources and composition acceptable to the Association, which shall be co-chaired by the MEAPE PIU Project coordinator and independent experts from the private sector, as further detailed in the PIM and Subproject Grants Manual. The Subproject Grant Facility Selection Committee shall responsible for, *inter alia*, the decision to approve the allocation of Subproject Grants to an eligible Beneficiary, as further detailed in the PIM and Subproject Grants Manual.

External Auditors

5. Not later than three (3) months after the Effective Date, the Recipient shall appoint and, thereafter, retain, throughout Project implementation, external auditors for the Project, under terms of reference, qualifications and experience satisfactory to the Association, and in accordance with the Procurement Regulations.

Automated Computerized Accounting Package

6. Not later than three (3) months after the Effective Date, the Recipient, through MEAPE, shall purchase, in accordance with the Procurement Regulations, and thereafter promptly install an automated computerized accounting package, satisfactory to the Association.

B. Project Implementation Manual

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual (PIM), which shall contain the detailed work flow, arrangements, methods and procedures for the implementation of the Project, including but not limited to: (a) the detailed institutional arrangements for implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration between various Project stakeholders; (b) budget and budgetary control; (c) flow of funds, disbursement procedures and banking arrangements; (d) financial management manual, including without

limitation the financial and accounting procedures, the internal control procedures, and the accounting system and transaction records; (e) procurement arrangements and procedures; (f) monitoring and evaluation and reporting requirements (including indicators); (g) anti-corruption and fraud mitigation measures; (h) environmental, health and safety and social safeguards aspects, including a detailed description of the Project grievance mechanism process as well as any process for recording and reporting Project-related accidents and incidents; and (i) and any other details required to ensure timely and sound Project implementation.

2. Except as the Association shall otherwise agree in writing, the Recipient shall not amend, abrogate or waive any provision of the said manual and in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Subproject Grants under Part 2 of the Project

1. The Recipient shall ensure that Part 2 of the Project is carried out in accordance with the Subproject Grants Manual, in a manner satisfactory to the Association.

2. For purposes of carrying out Part 2 of the Project, the Recipient shall, through MEAPE, make a portion of the Financing available under Category 2 as grants (Subproject Grants) to eligible Beneficiaries, each Subproject Grant to be provided under an agreement (Subproject Grant Agreement) with the respective Beneficiary on terms and conditions approved by the Association, and in accordance with the Subproject Grants Manual, said Subproject Grant Agreement to include the following:

   (a) The Subproject Grants shall be made on a non-reimbursable basis;

   (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

      (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Subproject Grant, or all or any part of the amount of the Subproject Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Subproject Grant Agreement; and,

      (ii) require each Beneficiary to: (A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption

Guidelines applicable to recipients of Financing proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be financed out of the Subproject Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (E)(1) 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, resources and expenditures related to the Subproject; and (2) at the Association's or the Recipient'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 and the Association; (F) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under each Subproject Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Subproject Grant Agreement or any of its provisions.

D. Annual Work Plan and Budget

1. The Recipient shall, not later than November 15 of each year prepare and furnish to the Association, a consolidated annual work plan and budget, detailing the program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

2. The Recipient shall exchange views with the Association on each such proposed consolidated annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such annual work plan and budget may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association (Annual Work Plan and Budget).

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments, and that no provision of the Safeguards Instruments is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.

2. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the Safeguards Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx, if any; and (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, and gender-based violence; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

3. The Recipient shall take the following actions in a manner acceptable to the Association:

   (a) Project activities shall be screened in accordance with the ESMF and RPF to determine if any ESMP, or RAP is needed.

   (b) Whenever an ESMP would be required on the basis of the ESMF: (i) each ESMP shall be prepared in accordance with the requirements of the ESMF, adopted and disclosed by the Recipient, and subject to prior approval by the Association; and (ii) the Recipient shall refrain from tendering any civil works contract during Project implementation unless and until such ESMP has been prepared in accordance with the ESMF, adopted and disclosed by the Recipient, and approved by the Association; and

   (c) Whenever a RAP would be required on the basis of the RPF: (i) each such RAP shall be prepared in accordance with the requirements of the RPF, adopted and disclosed by the Recipient, and subject to prior approval by the Association; (ii) sufficient funds are made available to cover all the costs of implementing Project-related resettlement, in accordance with the RPF and resettlement action plan(s); (iii) the Recipient shall refrain from tendering any civil works contract during Project implementation unless and until such RAP has been prepared in accordance with the RPF, adopted, disclosed and implemented by the Recipient, and approved by the Association; and (iv) no works under the Project shall be commenced until: (A) all measures required to be taken under said RAP prior to the initiation of said works have been taken, including but not limited Project affected persons shall be compensated at full replacement cost,

resettled and provided with assistance in accordance with the RPF and resettlement action plan(s); (B) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP and detailing that the implementation, monitoring and evaluation of such resettlement action plan is completed and reported in a manner satisfactory to the Association; and (C) the Association has confirmed that said works may be commenced.

4. The Recipient shall take all measures necessary for carrying out the requirements of the Safeguards Instruments in a timely manner.

5. Without limitation to paragraph 1(b) of Section III.B of this Schedule, no Works shall be eligible for financing unless and until prior to the commencement of such works: (a) an ESMP was prepared, adopted and disclosed by the Recipient, and approved by the Association; and (b) in case such Works are expected to cause Involuntary Resettlement, a RAP was prepared, adopted, disclosed and implemented by the Recipient, and approved by the Association.

6. Without limitation to the excluded expenditures provision set forth in the Safeguards Instruments and/or the PIM, the following activities shall not be eligible to be included in or funded under the Project:

(a) any activities that would lead to conversion or degradation of critical natural habitats or their supporting areas;

(b) any activities that would lead to conversion or degradation of critical forest areas, related critical natural habitats, clearing of forests or forest ecosystems;

(c) activities involving the financing the rehabilitation or construction of dams;

(d) activities whose implementation or operation depend on an existing dam;

(e) activities involving nuclear reactors and parts thereof and fuel elements (cartridges), non-irradiated, for nuclear reactors; and

(f) goods intended for a military or paramilitary purpose.

7. The Recipient shall, and shall cause any pertinent Project service providers, at all times throughout the period of Project implementation:

(a) take all measures necessary on its part to collect, compile, and furnish to the Association through Project Reports, and promptly in a separate report or reports, if so requested by the Association, information on the

status of compliance with the Safeguards Instruments and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, among other things: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) promptly notify the Association of any incident or accident related to or having an impact on the Project, including but not limited any Project-related allegation of gender-based violence or alleged violation of Project-related labor and health and safety working conditions, which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the Safeguards Instruments, and the instruments referenced therein.

8. The Recipient shall ensure that all technical assistance and capacity building activities undertaken under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association's environmental and social safeguards policies and the Recipient's own laws relating to the environment and social aspects.

9. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

F. Grievance Redress Mechanism

1. The Recipient shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, and Incremental Operating Costs for Parts 1, 2 and 3 of the Project (except Subproject Grants under Part 2 of the Project)	11,300,000	100%
(2) Subproject Grants under Part 2 of the Project	4,900,000	100%
(3) Refund of the Preparation Advance	1,900,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
TOTAL AMOUNT	18,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for:

   (a) payments made prior to the Signature Date; or

   (b) under Category (2), unless and until: (i) the Subproject Grants Manual has been adopted by the Recipient, through MEAPE, in form and substance satisfactory to the Association; (ii) an independent technical service provider has been hired, in accordance with Section I.A.4. of

Schedule 2 to this Agreement; and (iii) the Subproject Grants Facility Selection Committee has been established, in accordance with Section I.A.5 of Schedule 2 to this Agreement.

2. The Closing Date is July 31, 2024.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2029 to and including February 15, 2039	1%
commencing August 15, 2039 to and including February 15, 2059	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b) of the General Conditions.

APPENDIX

Definitions

1. "Annual Work Plan and Budget" means the annual work plan and budget to be prepared by the MEAPE PIU and approved by the Steering Committee, as set forth in Section I.D of Schedule 2 to this Agreement.

2. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

3. "Beneficiary" means an MSME, a group of MSMEs, cooperatives or entrepreneurs to whom the MEAPE has extended a Subproject Grant under a Subproject Grant Agreement for a Subproject under Part 2 of the Project.

4. "BPC" means business plan competition.

5. "BPC Grants" means the portion of the proceeds of the Financing extended to an eligible Beneficiary under a Subproject Grant Agreement for a Subproject under Part 2.1. of the Project.

6. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

7. "Environmental and Social Management Framework" or "ESMF" means the environmental and social management framework, dated April 2019, prepared and adopted by the Recipient and disclosed by the Recipient on April 8, 2019, and the Association on April 10, 2019, describing, *inter alia*, the modalities to be followed in screening Project activities in order to assess and determine the need to prepare an ESIA and/or ESMP, including the measures to be taken to offset, reduce, or mitigate adverse environmental and social impact, procedures for the management of chance finds of physical cultural resources, as the same may be amended from time to time with the prior written agreement of the Association.

8. "Environmental and Social Management Plan" or "ESMP" means an environmental and social management plan, to be prepared, adopted and disclosed by the Recipient, and acceptable to the Association, in accordance with the ESMF, and giving details of the magnitude of the environmental and social impacts, including procedures for the management of chance finds of physical cultural resources, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF, including the budget and cost estimates, and sources of funding, along with the institutional

and procedural measures needed to implement such actions, measures and policies, as the same may be amended from time to time with the prior written agreement of the Association.

9. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018.

10. "Subproject Grants" means the BPC Grants and MSME Grants.

11. "Subproject Grants Agreement" means an agreement between the Recipient, through the MEAPE, and a Beneficiary providing for a BPC Grant or an MSME Grant.

12. "Subproject Grants Facility Selection Committee" means the committee for the approval of Subproject Grants, and referred to in Section I.A. of Schedule 2 to this Agreement.

13. "Subproject Grants Manual" means the manual to be adopted by the Recipient for Part 2 of the Project, and referred to in Section I.C.1. of Schedule 2 to this Agreement.

14. "Incremental Operating Costs" means the reasonable incremental expenses, based on annual work plans and budgets approved by the Association, incurred by the Recipient on account of Project implementation, management, and monitoring, including for office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, advertising expenses, travel and supervision, salaries and statutory contributions of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service.

15. "Integrated Pest Management Plan" or "IPMP" means the Recipient's document, dated March 2019, and disclosed in-country on April 8, 2019, and at the Association's website on April 10, 2019, which: (a) addresses the concerns relating to the Project risks associated with potential increases in the use of pesticides for agricultural production, intensification and diversification; (b) sets forth mitigation and monitoring measures to be taken during Project implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels; (c) recommends institutional measures to strengthen national capacities to implement the mitigation and monitoring measures; and (d) as part of the implementation arrangements, identifies national agencies and other partners that could play a vital role in the success of the Project, as said Plan may be revised from time to time with the prior approval of the Association.

16. "MEAPE" means the Recipient's ministry in charge of agriculture or any successor thereto satisfactory to the Association.

17. "MEAPE PIU" means the unit within the MEAPE in charge of overseeing the day-to-day implementation of the Project, and referred to in Section I.A.1. of Schedule 2 to this Agreement.

18. "MSMEs" means micro, small and medium enterprises, as further defined in the PIM and Subproject Grants Manual.

19. "MSME Grants" means the portion of the proceeds of the Financing extended to an eligible Beneficiary under a Subproject Grant Agreement for a Subproject under Part 2.1 of the Project.

20. "National Center for Horticulture" means the *Centre Nacional de Horticulture Nvouni*, the Recipient's national vocational training center for horticulture studies.

21. "Preparation Advance" means the advance referred to in Section 2.07(a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on April 13, 2019, and on behalf of the Recipient on April 13, 2019.

22. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

23. "Project Implementation Manual" or "PIM" means the manual to be adopted by the Recipient for the Project, and referred to in Section I.B. of Schedule 2 to this Agreement.

24. "Resettlement Action Plan" or "RAP" means in respect of any Project activity involving resettlement, a resettlement plan for such activity prepared, adopted, disclosed and implemented by the Recipient, and acceptable to the Association, in accordance with the RPF, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on, compliance with such RAP, as the same may be amended from time to time with the prior written agreement of the Association.

25. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework, dated April 2019, prepared and adopted by the Recipient and

disclosed by the Recipient on April 8, 2019, and by the Association on April 10, 2019, setting forth the procedures and modalities for resettlement, compensation and assistance of Affected Persons under the Project, as the same may be amended from time to time with the prior written agreement of the Association.

26. "Safeguards Instruments" means the ESMF, the RPF, the IPMP, and related ESMPs and RAPs, for the Project.

27. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

28. "Steering Committee" means the committee referenced in Section I.A.2 of Schedule 2 to this Agreement.

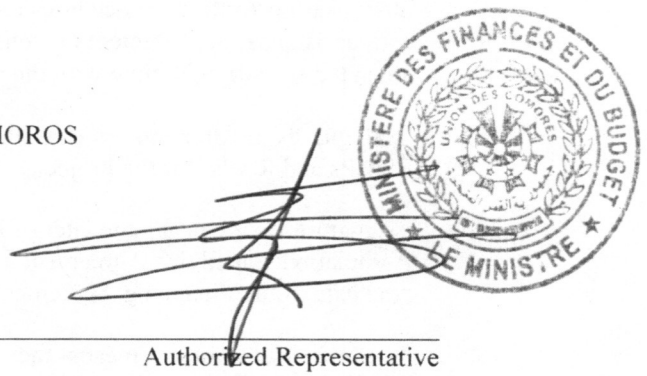
29. "Subproject" means a specific subproject under Part 2.1 or Part 2.2 of the Project to be carried out by a Beneficiary utilizing the proceeds of a Subproject Grant.

30. "Training" means the reasonable costs associated with training and workshop participation under the Project, based on annual work plan and budgets approved by the Association, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course or workshop preparation and implementation.

AGREED as of the Signature Date.

UNION OF COMOROS

By:



Authorized Representative

Name: SAID ALI SAID CHAYHANE

Title: Ministre des Finances

Date: 10 JUIL 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Authorized Representative

Name: MARK R. LUNDELL

Title: Country Director

Date: June 28, 2019