Financing Agreement

(Financial Inclusion Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF MADAGASCAR ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to thirty-one million six hundred thousand Special Drawing Rights (SDR 31,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 15 April and 15 October 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 Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project 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 has adopted the POM in form and substance acceptable to the Association.

(b) The Recipient has established the PIU and staffed it with a Project Coordinator, a financial management specialist, an accounting specialist, a procurement specialist, a monitoring and evaluation specialist and an environment focal point, all under terms of reference acceptable to the Association.

4.02. The Effectiveness Deadline is the date ninety (90) 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 and budget.

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

(a) the Recipient’s address is:

   Ministry of Finance and Budget
   PO Box 61
   Antananarivo 101
   Republic of Madagascar; and

(b) the Recipient’s Electronic Address is:

   E-mail: tresor@moov.mg
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

AGREED as of the Signature Date.

REPUBLIC OF MADAGASCAR

By:

[Signature]

Authorized Representative

Name: Rajaoberina Faly Raso
Title: Secrétnaire Général
Date: April 19, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: Mark Lundell
Title: Country Director
Date: April 19, 2018
SCHEDULE 1

Project Description

The objective of the Project is to promote the financial inclusion of individuals and MSMEs in the territory of the Recipient.

The Project consists of the following parts:

Part 1: Digitalization of transactions to increase usage of transaction accounts

1.1 Support for the digitalization of government payments including: (a) support for digitalization of teacher salaries and scholarships through: (i) the establishment of a single technical platform in the Treasury, allowing a single interface between the Treasury and all E-money Providers; (ii) contribution towards the payment of fees charged by E-money Providers; (iii) the provision of technical assistance to the Treasury to review internal processes, implement the new payment procedures as well as review and complement the regulatory framework for government payments; and (iv) the mapping of all national and local government payments and major employers’ payment streams, and developing an Action Plan to extend the digitalization of government payments beyond teacher salaries and students scholarships to other government expenses; and (b) support for the digitalization of the Impôt Synthétique at the national level through: (i) establishing a connection to the single technical platform by the Direction Générale des Impôts and E-money Providers; (ii) contribution towards the payment of transaction fees charged by E-money Providers; and (iii) provision of technical assistance to the Direction Générale des Impôts to review internal processes, implement new tax collection procedures, and review the regulatory framework for tax collection.

1.2 Support for the digitalization of MFIs including: (i) the establishment of a shared-use MIS for Selected MFIs that will be jointly managed by CSBF, APIMF, CNFI and the Selected MFIs as partners; (ii) the provision of software, technical assistance to Selected MFIs; and (iii) carrying out of capacity development activities in internal control and financial management to Selected MFIs.

1.3 Support for enabling the use of transaction accounts through: (a) upgrading the national payments system infrastructure, including: (i) updating the existing RTGS and the ACH system hardware as well as the hardware of the network supporting those systems; (ii) designing and implementing an interoperable platform for the clearing and settlement of retail payments; (iii) provision of technical assistance to BCM in the design, procurement, testing, governance and implementation of pricing rules; and (iv) carrying out of a survey on payment behaviors and costs; and (b) carrying out financial capability and education, including: (i) an information campaign through different media focused on features, usage, and benefits of transaction accounts, electronic transactions, users’
rights and recourse mechanisms; and (ii) behavioral nudge pilots aimed specifically at improving the financial behaviors of teachers affected by the digitalization of salaries.

**Part 2: Access to credit for MSMEs**

2.1 Support for strengthening credit supply through: (i) increasing the endowment of the MSME window of the PPCG from $4 million to $12 million, and through the provision of accompanying technical assistance; and (ii) the establishment of an innovation fund that will support Selected Fintech Interventions through the provision of Matching Grants.

2.2 Support for enhancing credit demand through: (i) support for a pilot of bankability services to MSMEs focused on micro, informal, and women-owned firms; and (ii) support for the extension of MFI branches into under-serviced regions through the provision of Matching Grants.

2.3 Support for the creation of an enabling environment for access to credit for MSMEs through: (i) development of a centralized electronic, web-based registry for security interests in movable property, in line with internationally accepted practices and the financing of hardware, software, and technical assistance; and (ii) promoting financial protection for consumers through support the CSBF in developing a sound regulatory framework for credit, saving and deposit products.

**Part 3: Project management and impact evaluation**

Support for: (i) Project management and the day to day costs of the PIU; and (ii) the carrying out of impact evaluation activities including that of the digitalization of teacher salaries and associated behavioral change initiatives.

**Part 4: Contingent emergency response component**

Support for a disaster response contingency funding mechanism that could be triggered in the event of an Eligible Crisis or Emergency, such as a natural disaster involving a formal declaration of a national or regional state of emergency, or a formal request from the Recipient in the wake of a disaster. In that case, funds from other project components could be reallocated to this component to facilitate rapid financing of a positive list of goods and services related to Parts 1 and 2, and that would still be relevant to the achievement of the objectives of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

The Recipient shall vest overall responsibility for implementation of the Project in its Ministry of Finance and Budget and BCM.

A. Institutional Arrangements

1. PSC

(a) The Recipient shall maintain a Project Steering Committee (PSC), chaired jointly by the Secretary General of the Ministry of Finance and Budget and the Governor of BCM.

(b) The PSC shall be responsible for: (i) providing policy guidance and oversight for the Project; (ii) approving annual work programs and budgets; (iii) reviewing Project reports including progress reports, audits, the mid-term review and implementation completion reports; (iv) resolving any problems affecting Project implementation.

(c) The PSC shall include, *inter alia*, representatives from the MFB (including the CNFI and DDP), the BCM (including the CSBF), the Ministry of Justice, the Ministry of Industry and Private Sector Development, the Association of Banks and the Association of Microfinance Institutions.

(d) The PSC shall meet at least bi-annually.

2. PIU

(a) The Recipient shall establish, and at all times during Project implementation maintain, a project implementation unit, ("PIU") within the MFB.

(b) The PIU shall have full fiduciary responsibility for Project implementation, including procurement of hardware, software, business development services, capacity building related equipment and other consultancies as needed, monitoring and evaluation (M&E) and financial reporting obligations associated with the project.

(c) PIU staff shall include, at a minimum: a Project Coordinator, an accounting specialist, a financial officer, a procurement specialist and an environmental specialist, each with terms of references, qualifications,
experience and resources acceptable to the Association. The PIU may hire other specialists and support staff, as needed to perform its functions.

3. **Working Groups**

(a) The Recipient through the CNFI, Ministry of Finance and BCM (including CSBF) shall, not later than three (3) months of the Effective Date, establish a working group to coordinate the financial education activities and to prepare and follow-up on an Action Plan for a mutualized MIS for MFIs.

(b) The Recipient may, from time to time during Project implementation, establish other working groups as needed.

4. **PPCG Committees**

(a) **SSC**

(i) The Recipient shall, not later than three (3) months after the Effective Date, establish and, at all times during Project implementation, maintain the PPCG Supervision Committee (SSC).

(ii) The SSC shall be responsible for oversight of SOLIDIS Guarantie to ensure that it implements its terms of reference defined on the basis of the 2014 Convention signed between the Recipient and SOLIDIS Guarantie.

(iii) The SSC shall include, *inter alia*, representatives from the MFB (or BCM).

(iv) The SSC shall meet at least bi-annually.

(b) **Orientation Committee**

(i) The Recipient shall, not later than three (3) months after the Effectiveness Date, establish and at all times during Project implementation, maintain the PPCG Orientation Committee (OC).

(ii) The OC shall be responsible for providing policy guidance on the operations of the Fund and proposing changes to the terms of reference of SOLIDIS as necessary, acceptable to the Association.

(iii) The OC shall include, *inter alia*, representatives from the MFB (or BCM), the professional association of banks, the professional association of micro finance institutions, and two experts chosen for their knowledge of financial sector issues.
(iv) The OC shall meet at least bi-annually.

(c) Remuneration Committee

(i) The Recipient shall at all times during Project implementation, maintain the existing PPCG Remuneration Committee (RC).

(ii) The RC shall be responsible for validating SOLIDIS requests for increases in honoraria which will then be submitted for non-objection to the Association.

(iii) The RC shall include, *inter alia*, representatives from the MFB, the professional association of microfinance institutions, the professional association of banks.

B. Project Operations Manual

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Project Operations Manual ("POM").

2. Except as otherwise agreed in writing with the Recipient, the Recipient shall not assign, amend, abrogate or waive any provision of the POM.

3. The POM shall include rules and procedures governing all aspects of Project implementation, including all periodic reporting, monitoring and evaluation arrangements for the Project including annual independent operational audits, which will provide impact assessment of the various project components.

4. The POM shall include details of all procurement, financial management and disbursement arrangements, and other legal, administrative, financial and organizational arrangements relating to the Partial Portfolio Credit Guarantee Fund and Matching Grants, including a template Matching Grant Agreement.

5. In the event of a conflict between the provisions of the POM and this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budgets

1. Each year the Recipient shall prepare a draft Annual Work Plan and Budget for the Project (including Training and Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested.

2. The Recipient shall furnish to the Association, as soon as available, but in any case not later than November 30 of each year, the Annual Work Plans And Budgets
approved by the Steering Committee and the evidences referred to in subparagraph 1 above, for the Association’s review and approval; except for the Annual Work Plan and Budget for the Project for the first year of Project implementation, and the evidence which may be required for the implementation of the activities included in the draft Annual Work Plan and Budget for such period, which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an Annual Work Plan and Budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing.

3. Training shall be carried out on the basis of annual work plans and budgets, which shall, inter alia, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training, if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.

5. Annual Work Plans and Budgets may be revised as needed during Project implementation, subject to the Association’s prior approval.

D. Matching Grants

1. Beneficiaries may submit Matching Grant proposals to the PIU for approval based on rules set forth in the POM which shall include details of: (a) activities to be financed by Matching Grants, the identify of proposed Beneficiaries and evidence of compliance with eligibility criteria; (b) arrangements and procedures for preparation, appraisal, approval, implementation and supervision of activities to be financed by Matching Grants; (c) procurement, financial management and disbursement arrangements; (d) performance indicators; and (e) such other legal, administrative, financial and organizational arrangements as shall be required for providing Matching Grants.

2. The selected Matching Grant Projects must meet the requirements set forth in the POM, including but not limited to the Beneficiary having the capacity to contract under the laws of the Recipient.

3. Upon receipt of the approved Matching Grant Project proposal, and prior to the disbursement of any Matching Grant to the relevant Beneficiary, PIU shall enter into a Matching Grant Agreement with said Beneficiary under terms and conditions satisfactory to the Association, following a template Matching Grant Agreement to be included in the POM, which shall include inter alia:
the obligation of the Beneficiary to carry out the Matching Grant Project in accordance with the POM with due diligence and efficiency and in accordance with sound technical, financial, environmental, 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 Matching Grant Project;

(b) the requirement that the goods and services to be financed from the proceeds of the Matching Grant shall be used exclusively in carrying out the Matching Grant Project;

(c) the right of PIU to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, sites or plants included in the Matching Grant Project, the operations thereof and any relevant records and documents;

(d) the right of PIU to obtain all information as the Association shall reasonably request regarding the administration, operation and financial management of the Matching Grant Project;

(e) the right of PIU to suspend or terminate the right of the Beneficiary to use or benefit from the use of the proceeds of the Matching Grant upon failure by the Beneficiary to perform any of its obligations under the Matching Grant Agreement; and

(f) the right to receive from the Beneficiary quarterly (or any other period agreed upon by the Association) progress reports reflecting, inter alia, the Matching Grant Project performance indicators, and a final report upon completion of the Matching Grant Project.

E. Safeguards

1. The Recipient shall ensure that Part 2.1 of the Project is implemented in accordance with the ESMF.

2. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the ESMF.

3. For each activity under the Project for which the ESMF requires an ESMP, the Recipient shall ensure that individual PFI’s prepare such ESMP in form and substance satisfactory to the Association, and shall ensure that such ESMP is effectively prepared and locally disclosed, before the implementation of such
activity, in accordance with the provisions of the ESMF and ESMP. In particular, the Recipient shall ensure that:

(a) PFIs have the primary responsibility to ensure that the Matching Grants meet all of the applicable eligibility criteria (including the environmental and social requirements), in accordance with the rules, and procedures stipulated in the ESMF, and shall further carry out the required environtmental and social due diligence of individual Recipients and the activities financed by said Matching Grants.

(b) When receiving a claim in case of a delinquent credit, SOLIDIS Guarantie shall also review the request to ensure that it meets all eligibility criteria including the environmental requirements, before any payment is made on the claim.

(c) SOLIDIS Guarantie shall ensure that the principles of the ESMF shall be reflected in all of its operating manuals as well as in all agreements it concludes with the PFIs, and shall not later than three (3) months after the Effective Date, update the agreement concluded between SOLIDIS Guarantie and the MFB to reflect such principles.

4. The Recipient shall not later than three (3) months after the Effective Date, establish, and at all times during Project implementation maintain, a grievance redress mechanism at all times during Project implementation.

5. The Recipient shall, not later than three (3) months after the Effective Date, cause the PPCG Fund to establish, and at all times during Project implementation, maintain, 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.

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the ESMF, giving details of: (a) measures taken in furtherance of the ESMF; (b) conditions, if any, which interfere or threaten to interfere with the satisfactory implementation of the ESMF; and (c) remedial measures taken or required to be taken to address such conditions.

7. In the event that any provision of the ESMF shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.
8. Without limitation to the excluded expenditures provision set forth in the Operational Guidelines, or the ESMF, the following activities shall not be eligible for financing under the Project:

   (a) any activities included in the ELA;

   (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 involuntary resettlement; and,

   (d) activities involving the financing or construction of dams.

F. Contingency Emergency Response Component

In order to ensure the effective implementation of Part 4 of the Project, the Recipient shall take the following measures.

1. The Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the CERC, including: (i) designation of terms of reference for, and resources to be allocated to the entity to be responsible for coordinating and implementing the CERC ("Coordinating Authority"); (ii) specific activities which may be included in the CERC, Eligible Expenditures required thereunder ("Emergency Expenditures"), and any selection procedures for such inclusion; (iii) financial management arrangements for the CERC; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CERC; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CERC, consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure effective coordination and implementation of the CERC;

   (b) afford the Association a reasonable opportunity to review said proposed operations manual;

   (c) promptly adopt such operations manual for the CERC as shall have been approved by the Association ("CERC Operations Manual");

   (d) ensure that the CERC is carried out in accordance with the CERC Operations Manual; in the event of any inconsistency between the
provisions of the CERC Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CERC Operations Manual without prior approval by the Association.

2. The Recipient shall, throughout the implementation of the CERC, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall not undertake any activities under the CERC until the following conditions have been met:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CERC Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month 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: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consulting services for the Project</td>
<td>23,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>950,000</td>
<td>Amount payable pursuant to Section 2.07(a) of the General Conditions</td>
</tr>
<tr>
<td>(3) Increasing the endowment of the PPCG</td>
<td>5,600,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(4) Matching Grants</td>
<td>1,350,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(5) Contingency Emergency Response Component</td>
<td>0</td>
<td>To be defined if and when Part 4 becomes active under a crisis scenario.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>31,600,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Period and Withdrawal Conditions

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

(a) for payments made prior to the Signature Date except that withdrawals up to an aggregate amount not to exceed three million eight hundred thousand Special Drawing Rights (SDR 3,800,000) may be made for payments made prior to this date but on or after September 1, 2017, for Eligible Expenditures.

(b) under Category 5, unless and until the Association is satisfied that the following conditions have been met:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include such activities in the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
(ii) the Recipient has ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of this Schedule;

(iii) the entities in charge of coordinating and implementing the CERC have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the CERC Operating Manual, in form and substance acceptable to the Association, and the provisions of the CERC Operating Manual remain or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be appropriate for the inclusion and implementation of the CERC.

2. The Closing Date is July 31, 2022.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15, commencing April 15, 2024 to and including October 15, 2055.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “2014 Convention” means *Convention de Gestion du fonds de Garantie Partielle de Portefeuille de crédits aux micros, petites et moyennes entreprises*, the agreement concluded between the Recipient and SOLIDIS Garantie on the management of Partial Portfolio Credit Guarantee established under the PASEF Project financed by the Association.

2. “ACH” means automated clearing house.

3. “Action Plan” means an action plan to expand digitalization of government payments beyond teacher salaries and student scholarships to other Government expenses.


5. “APIMF” means *Association Professionnelle des Institutions de Microfinance*, the Association of Microfinance Institutions of Madagascar.

6. “BCM” means *Banque Central de Madagascar*, the Recipient’s central bank.

7. “Beneficiary” means individuals and enterprises in the territory of the Recipient who are not financially included.

8. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


12. “DDP” means *Directeur de la Dette Publique*, the Recipient’s director of public debt.

14. "ELA" means Exclusion List of Activities, the list of activities which are not eligible for financing under the Project.

15. "Eligible Crisis or Emergency" means a crisis or emergency such as a natural disaster involving a formal declaration of a national or regional state of emergency, or a formal request from the Recipient in the wake of a disaster which the Recipient declares to be such according to the criteria stipulated in the PIM.


17. "ESMF" means the Environmental and Social Management Framework adopted on December 21, 2017, which lists the ineligible activities, all environmental and social requirements and all eligibility criteria related thereto for Part 2.1 of the Project.

18. "ESMP" means an environmental and social management plan.


20. "GIE" means groupement d'intérêt économique, an economic interest group operating in the territory of the Recipient.

21. "Impôt Synthétique" means a synthetic tax applicable to small taxpayers.

22. "Matching Grant Agreement" means the legal agreement governing Matching Grants.

23. "Matching Grant Project" means activities financed by Matching Grants.

24. "Matching Grants" means financial contribution provided on a cost-sharing basis to eligible Beneficiaries.

25. "MFB" means the Recipient’s ministry of finance and budget.

26. "MFI" means microfinance institutions.

27. "MIS" means Management Information System.


29. "Partial Portfolio Credit Guarantee Fund" means the fund established under the PASEF Project.
30. “PASEF” means *Projet d'Appui aux Services Financiers*, the Management Financial Services Project.

31. “PFI” means participating financial institutions.

32. “PIU” means project implementation unit.

33. “POM” means project operations manual.

34. “PPCG” means partial portfolio credit guarantee.

35. “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 December 14, 2017 and on behalf of the Recipient on January 11, 2018.


37. “RTGS” means real-time gross settlement system.

38. “Selected Fintech Interventions” means technologies to harness new and existing sources of data to appraise borrowers in innovative ways.

39. “Selected MFIs” means MFIs that will join the shared-use MIS established by the Project.

40. “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.

41. “SOLIDIS Guarantie” the local fund manager of the PPCG, established in the territory of the Recipient and headquartered in Antananarivo.

42. “Treasury” means *Tresor Public Malgasy*, the Recipient’s department of treasury.