Financing Agreement

(Emergency Infrastructure Preservation and Vulnerability Reduction Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 03rd, 2012
FINANCING AGREEMENT

AGREEMENT dated \( \text{December 03rd} \), 2012, entered into between the REPUBLIC OF MADAGASCAR ("Recipient") and 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) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty-six million two hundred thousand Special Drawing Rights (SDR 66,200,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule I to this Agreement ("Project").

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

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

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 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 the Dollar.
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 in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The ARM Governing Documents have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Road Authority to perform any of its obligations related to the implementation of the Project.

(b) The FID Governing Documents have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of FID to perform any of its obligations related to the implementation of the Project.

4.02. The Additional Events of Acceleration consist of the ones listed in Section 4.01 of this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Recipient has established the Steering Committee in accordance with Section I.A.1 of Schedule 2 to this Agreement.

(b) (i) The ARM Subsidiary Agreement has been executed on behalf of the Recipient and the Road Authority; and (ii) the FID Subsidiary Agreement has been executed on behalf of the Recipient and FID.

5.02. The Additional Legal Matters consist of the following:

(a) The ARM Subsidiary Agreement has been duly authorized by the Recipient and the Road Authority and is legally binding upon the Recipient and the Road Authority in accordance with its terms.
(b) The FID Subsidiary Agreement has been duly authorized by the Recipient and FID and is legally binding upon the Recipient and FID in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (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 date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is the Recipient’s Minister responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance and Budget
B.P. 61
Antananarivo 101
Madagascar

Cable address: MFB
Facsimile: (261) 20 22 34530
Antananarivo

6.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Antananarivo, Madagascar, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

By

Authorized Representative

Name: RANOMAMPANDA
Title: des Finances et du Budget

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: HALEH BRIDI
Title: Country Director, ATV
SCHEDULE 1

Project Description

The objectives of the Project are to preserve key Lifeline Infrastructure and reduce household vulnerability in Targeted Areas.

The Project consists of the following parts:

Component A. Rehabilitation of Lifeline Infrastructure and Risk Mitigation

1. Rehabilitation of the Recipient’s transport Lifeline Infrastructure, through: (a) emergency rehabilitation and asset preservation of four existing metallic bridges on key National Roads; (b) emergency works on key National Roads including the rehabilitation of road drainage structures, culverts, small bridges, road slope protection and minor stretches of roads; (c) reconstruction of smaller bridges that have exceeded their design life; (d) road asset preservation by carrying out minor civil works and providing equipment required to enforce axle load limits on key National Roads; (e) acquisition of portable metallic bridges (bailey bridges); (f) training, minor works, surveys, supervision and acquisition of equipment to ensure ISPS (International Ship and Port Facility Security) compliance by the Recipient’s major port; and (g) capacity strengthening of the Road Authority, by: (i) carrying out a study and developing an action plan in order to convert the Road Authority into a fully autonomous agency with the key function of managing the Recipient’s national road network; and (ii) providing resources to enable the Road Authority to finance its non-civil servant staff.

2. Rehabilitation of community-level basic infrastructure, through the provision of Sub-Grants to finance community-level infrastructure Sub-Projects (such as rehabilitation and reconstruction of schools, basic health centers and nutrition sites, erosion control structures, water points, feeder roads, etc.) in crisis-affected areas to restore access to social and economic services in the aftermath of catastrophic events, including cyclones; as well as training, technical assistance and material for the organization of outreach and communication activities, and the implementation, financing, monitoring and evaluation of those Sub-Projects.

3. Enhancement of disaster risk management capacity, through: (a) the rehabilitation of the national hydro-meteorological monitoring and analysis network, the strengthening of communications links between DGM and disaster response agencies and the improvement of DGM’s technical skills in weather forecast and projections; (b) the provision of equipment to improve cyclone and flooding early warning systems and training to central and local operators and affected communities; (c) the development and update of climate-proofed
construction norms and guidelines for key Lifeline Infrastructure; and (d) the provision of equipment and training to centralized and decentralized emergency response agencies to improve post-disaster response planning and coordination, including the equipment of BNGRC’s center for studies, thinking, monitoring and orientation for national disaster response and the expansion of the Recipient’s system of rapid post-disaster data collection.

4. Improving the Recipient’s emergency response capacity in case of natural disaster, as needed, through the carrying out a program of activities in the transport, agricultural and social protection sectors, including the clearing and rehabilitation of road, port and irrigation infrastructure, the rehabilitation of schools and health centers, the provision of construction materials, agriculture inputs and materials for schools and health centers and the rehabilitation of basic community infrastructure.

Component B. Reduction of Household Vulnerability

1. Preservation of productive capacity in agriculture, through: (a) the provision of Matching-Grants for the financing of Sub-Projects for: (i) the emergency distribution of improved seeds, fertilizers, tools and associated technical assistance to enable rapid increase in food production in rehabilitated irrigated perimeters; and (ii) the rehabilitation and maintenance of small-scale agricultural infrastructure, (mainly micro-irrigation systems); (b) watershed protection activities needed to preserve the productive capacity of agricultural infrastructure; and (c) capacity building of producers’ organizations and community groups to sustainably manage irrigation infrastructure and take advantage of income generating opportunities provided through the Project.

2. Carrying out of labor-intensive small community public works, such as street and irrigation canal cleaning, sanitation of unhealthy areas, basic road maintenance, soil erosion control, rehabilitation of mangroves, rehabilitation of feeder roads and small bridges, as well as other activities acceptable to the Association, as part of a cash-for-work program, including the provision of tools and the payment of wages to workers.

Component C. Project Management and Coordination

Carrying out activities to support the management and coordination of the Project, including consultant services, technical advisory services such as technical studies and assessments, operating costs and training, media information campaigns and communication and financial audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Recipient shall maintain the following institutional arrangements, further described in the Project Manuals, throughout the implementation of the Project:

1. (a) The Recipient shall establish and thereafter maintain the Steering Committee with composition and terms of reference satisfactory to the Association.

(b) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Steering Committee shall include representatives of the various Project stakeholders, and a representative of the civil society.

(c) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Steering Committee shall ensure the technical oversight and general supervision of the Project, providing strategic direction of the Project, ensuring cross-sector coordination, and approving annual work plans and budgets.

2. (a) No later than two (2) weeks after the Effective Date, the Recipient shall establish and thereafter maintain the Project Coordination Unit with composition and terms of reference satisfactory to the Association.

(b) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Project Coordination Unit shall include from the dates indicated in paragraph (c) immediately below, a coordinator, a monitoring and evaluation assistant and a financial management assistant.

(c) Without limitation to the generality of the foregoing provisions of paragraphs (a) and (b) immediately above, no later than two (2) weeks after the Effective date, the Recipient shall recruit a coordinator, a monitoring and evaluation assistant and a financial management assistant, each on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, to be posted in the Project Coordination Unit.
(d) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Project Coordination Unit shall be responsible for the implementation of Component C of the Project and for the day-to-day Project coordination, monitoring and evaluation and reporting, including consolidation of data provided by the Implementation Agencies, and preparation of progress and financial reports.

3. (a) The Recipient shall maintain, or cause to be maintained, each of the Implementing Agencies with terms of reference, organization and resources acceptable to the Association.

(b) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, each of the Implementing Agencies shall be responsible for the execution of the Project activities, including coordination, fiduciary activities (procurement, preparation of withdrawal applications and financial management), monitoring and evaluation and reporting, as follows:

(i) the Road Authority shall be responsible for the implementation of the activities under Sub-Components A.1 and, as the case may be, A.4 of the Project;

(ii) FID shall be responsible for the implementation of the activities under Sub-Components A.2, B.2 and, as the case may be, A.4 of the Project;

(iii) PN-BVPI shall be responsible for the implementation of the activities under Sub-Components B.1 and, as the case may be, A.4 of the Project; and

(iv) CPGU shall be responsible for the implementation of the activities under Sub-Components A.3 and, as the case may be, A.4 of the Project.

(c) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, each of the Implementing Agencies shall maintain the following staff to dedicate at least part of his/her time to the Project: (i) a coordinator; (ii) a procurement specialist; (iii) a financial management specialist; (iv) a safeguard specialist (except CPGU); and (v) a monitoring and evaluation specialist. However, for such staff to be recruited pursuant to paragraph (d) immediately below, the relevant Implementing Agency shall maintain it from the corresponding date indicated in paragraph (d) below.
(d) Without limitation to the generality of the foregoing provisions of paragraphs (a) and (c) immediately above, no later than three (3) months after the Effective Date:

(i) the Recipient shall cause the Road Authority to recruit a financial manager, a procurement specialist and a Project accountant, each on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, to work for the Project;

(ii) the Recipient shall recruit a financial manager on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, to be posted in CPGU and work for the Project; and

(iii) the Recipient shall recruit a coordinator, a procurement specialist, a financial management specialist, a monitoring and evaluation specialist, and a technical specialist, each on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, to be posted in PN-BVPI and work for the Project.

4. The Recipient shall ensure that personnel in adequate numbers, each with terms of reference, qualifications and experience satisfactory to the Association, are assigned to the Project.

B. Contractual Arrangements

1. Subsidiary Agreements

(a) To facilitate the carrying out of Sub-Components A.1 and, as the case may be, A.4 of the Project, and also the withdrawal and use (including disbursement, procurement and payment) of the funds allocated to the financing of the activities to be implemented by the Project Coordination Unit under Component C of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Categories 1 and, as the case may be, 5 of the table set forth in Section IV.A.2 of this Schedule available to the Road Authority under a subsidiary agreement ("ARM Subsidiary Agreement") between the Recipient and the Road Authority, under terms and conditions approved by the Association, which shall include the provisions listed in paragraph (c) immediately below.
To facilitate the carrying out of Sub-Components A.2, B.2 and, as the case may be, A.4 of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Categories 2 and, as the case may be, 5 of the table set forth in Section IV.A.2 of this Schedule available to FID under a subsidiary agreement ("FID Subsidiary Agreement") between the Recipient and FID, under terms and conditions approved by the Association, which shall include the provisions listed in paragraph (c) immediately below.

(c) Provisions to be included in the ARM Subsidiary Agreement and the FID Subsidiary Agreement (each a "Subsidiary Agreement"), respectively, shall include the following:

(i) the obligation of the Recipient to:

(A) under the ARM Subsidiary Agreement make the funds of Categories 1 and, as the case may be, 5 available to the Road Authority in the form of a non-reimbursable grant, and under the FID Subsidiary Agreement make the funds of Categories 2 and, as the case may be, 5 available to FID in the form of a non-reimbursable grant; and

(B) take all actions necessary to permit the Project Implementing Entity to carry out its Respective Part of the Project and ensure the achievement of the objective thereof;

(ii) the obligation of the Project Implementing Entity to:

(A) carry out the Project Implementing Entity’s Respective Part of the Project in accordance with this Agreement, its Subsidiary Agreement, the relevant Project Manuals, the Anti-Corruption Guidelines, the Procurement Guidelines, the Consultant Guidelines, the Annual Work Plans and Budgets, the Procurement Plan and the relevant Safeguard Documents;

(B) promptly refund to the Recipient for further refund to the Association any proceeds from the Financing not used for purposes of carrying out the Project Implementing Entity’s Respective Part of the Project or for achieving the objective thereof, or otherwise utilized in a manner inconsistent with the provisions of this Agreement;
(C) at the request of the Recipient or the Association, exchange views with the Recipient and the Association with regard to the progress of the Project Implementing Entity's Respective Part of the Project and the achievement of the objective thereof, and the Project Implementing Entity's compliance with its obligations related to the implementation of the Project, under its Subsidiary Agreement, the relevant Project Manuals, the Annual Work Plans and Budgets, the Anti-Corruption Guidelines, the Procurement Guidelines, the Consultant Guidelines, the Procurement Plan and the relevant Safeguard Documents; and

(D) promptly inform the Recipient of any condition which interferes or threatens to interfere with the implementation of the Project Implementing Entity's Respective Part of the Project and the achievement of the objective thereof; and

(iii) a provision stipulating that, in case of conflict between any of the provisions contained in its Subsidiary Agreement or the Project Manuals, on one hand, and those set forth in this Agreement, on the other hand, the provisions of this Agreement shall at all times prevail.

(d) The Recipient shall exercise its rights and carry out its obligations under each of the Subsidiary Agreements 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, the Recipient shall not assign, amend, abrogate or waive either of the Subsidiary Agreements or any of their respective provisions.

2. Sub-Grants.

(a) For the implementation of Part A.2 of the Project FID shall extend Sub-Grants to eligible Community Associations for the financing of eligible Sub-Projects, under terms and conditions acceptable to the Recipient and the Association and described in the FID Project Manuals.

(b) All Sub-Projects financed under a Sub-Grant shall be implemented by the Community Associations or by FID acting at the request and on behalf of the relevant Community Association, under terms and conditions acceptable to the Recipient and the Association and described in the FID Project Manuals.
(c) The Recipient shall cause FID to make each Sub-Grant to a Community Association for a Sub-Project under a Sub-Grant Agreement, in the form attached to the FID Project Manuals, on terms and conditions approved by the Association, which shall include the following:

(i) FID shall obtain rights adequate to protect FID’s and the Recipient’s interests and those of the Association, including the following:

(A) FID shall have the right to suspend or terminate the right of the Community Association to use the proceeds of the Sub-Grant, or obtain a refund of all or any part of the amount of the Sub-Grant then withdrawn, upon the Community Association’s failure to perform any of its obligations under the Sub-Grant Agreement; and

(B) each Community Association shall be required to:

(AA) carry out its Sub-Project 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: (1) with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; and (2) with the Environmental and Social Screening and Assessment Framework, and the FID Environmental and Social Management Framework (as well as the FID Environmental and Social Management Plan prepared for specific activities carried out under its Subproject, if any);

(BB) procure the goods, works and services to be financed out of the Sub-Grant in accordance with the provisions of this Agreement;

(CC) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Project and the achievement of its objectives;
(DD) (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 Sub-Project; and (2) at the Recipient’s or the Association’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, promptly furnish the statements as so audited to FID, the Recipient and the Association, and allow the Association to make the Sub-Grant Agreement and all financial statements audited pursuant to this sub-paragraph (DD)(2) available to the public in accordance with the Association’s policies on access to information;

(EE) enable FID, the Recipient and the Association to inspect the Sub-Project, its operation and any relevant records and documents; and

(FF) prepare and furnish to FID, the Recipient and the Association all such information as FID, the Recipient or the Association shall reasonably request relating to the foregoing.

(ii) The Recipient shall cause FID to exercise its rights and carry out its obligations under each Sub-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, the Recipient shall not allow FID to assign, amend, abrogate or waive any of the Sub-Grant Agreements or any of their provisions.

(d) Eligibility criteria for Community Associations and Sub-Projects, arrangements for the implementation of Sub-Projects as well as procedures applicable to Sub-Grants, are further detailed in the FID Project Manuals.
3. **Matching-Grants.**

(a) For the implementation of Part B.1(b) of the Project the Recipient, acting through PN-BVPI, shall extend Matching-Grants to eligible Beneficiaries for the financing of eligible Sub-Projects, under terms and conditions acceptable to the Recipient and the Association and described in the BVPI Project Manuals.

(b) The Recipient shall make each Matching-Grant to an eligible Beneficiary for a Sub-Project under a Matching-Grant Agreement, in the form attached to the BVPI Project Manuals, on terms and conditions approved by the Association, which shall include the following:

(i) **The Recipient shall obtain rights adequate to protect the Recipient’s interests and those of the Association, including the following:**

(A) the Recipient shall have the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Matching-Grant, or obtain a refund of all or any part of the amount of the Matching-Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Matching-Grant Agreement; and

(B) each Beneficiary shall be required to:

(AA) carry out its Sub-Project 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: (1) with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; and (2) with the Environmental and Social Screening and Assessment Framework, the Dam Safety Manual, the Integrated Pest Management Plan, the BVPI Environmental and Social Management Framework (as well as the BVPI Environmental and Social Management Plan prepared for specific activities carried out under its Sub-project, if any) and the BVPI Resettlement Policy Framework (as well as the BVPI Resettlement...
Action Plan prepared for specific activities carried out under its Subproject, if any);

(BB) provide, promptly as needed, the resources required for the purpose;

(CC) procure the goods, works and services to be financed out of the Sub-Grant in accordance with the provisions of this Agreement;

(DD) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Project and the achievement of its objectives;

(EE) (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 Sub-Project; and (2) at the Recipient’s or the Association’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, promptly furnish the statements as so audited to the Recipient and the Association, and allow the Association to make the Matching-Grant Agreement and all financial statements audited pursuant to this sub-paragraph (EE)(2) available to the public in accordance with the Association’s policies on access to information;

(FF) enable the Recipient and the Association to inspect the Sub-Project, its operation and any relevant records and documents; and

(GG) 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.
(ii) The Recipient shall exercise its rights and carry out its obligations under each Matching-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, the Recipient shall not assign, amend, abrogate or waive any of the Matching-Grant Agreements or any of their provisions.

(c) Eligibility criteria for Beneficiaries and Sub-Projects, arrangements for the implementation of Sub-Projects as well as procedures applicable to Matching-Grants, are further detailed in the BVPI Project Manuals.

4. Cash-for-Work Program.

(a) For the implementation of Part B.2 of the Project, FID shall enter into agreements (each a “Cash-for-Work Agreement”), on the basis of the model agreement attached to the FID Project Manuals, with non-governmental organizations selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement (each a “Cash-for-Work Provider”).

(b) FID shall obtain rights adequate to protect the interests of the Recipient and the Association, including the right to require the Cash-for-Work Provider to:

(i) carry out its activities under the Part B.2 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 Association, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the FID Project Manuals, the Environmental and Social Screening and Assessment Framework, the FID Environmental and Social Framework (as well as the FID Environmental and Social Management Plan prepared for specific activities carried out under its Subproject, if any);

(ii) maintain policies and procedures, adequate to enable the Cash-for-Work Provider to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under Part B.2 of the Project and the achievement of its objectives;
(iii) (A) 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 activities carried out under Part B.2 of the Project; and (B) at FID’s, 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 furnish promptly to FID, the Recipient and the Association the financial statements as so audited;

(iv) for the purpose of implementing Part B.2 of the Project, inter alia, prepare and submit technical proposals for the implementation of Cash-for-Work activities, carry out information and communication campaigns on the Cash-for-Work activities, target, select and enroll workers meeting the criteria defined in the FID Project Manuals to participate in the Cash-for-Work activities (each an “Cash-for-Work Beneficiary”), organize and supervise the implementation of the Cash-for-Work activities, and pay the Cash-for-Work Beneficiaries, as further described in the FID Project Manuals; and

(v) enable FID, the Recipient and the Association to inspect the activities carried out under Part B.2 of the Project, their operation and any relevant records and documents; and prepare and furnish to FID, the Recipient and the Association all such information as FID, the Recipient or the Association shall reasonably request relating to the foregoing.

(c) For the payment of Cash-for-Work Beneficiaries, the Cash-for-Work Provider shall:

(i) open and thereafter maintain for a term equal to the term of the Cash-for-Work Agreement a separate account (each a “Cash-for-Work Account”) for the exclusive purpose of depositing funds for payments to be paid by the Cash-for-Work Provider to Cash-for-Work Beneficiaries;

(ii) deposit funds in said Cash-for-Work Account in accordance with the provisions of the Cash-for-Work Agreement. The Cash-for-Work Account shall be opened in a commercial bank acceptable to the Association, with terms and conditions
satisfactory to the Association including, *inter alia*, a waiver of any rights said commercial bank may have to set off any amount deposited in the Cash-for-Work Account with any other debt;

(iii) disburse funds from the Cash-for-Work Account for payments in accordance with the provisions of the Cash-for-Work Agreement;

(iv) ensure that all amounts deposited in the Cash-for-Work Account are used exclusively to make payments in accordance with the detailed provisions, procedures, sequencing and timing in relation thereto as set forth in the FID Project Manuals, and in compliance with the Anti-corruption Guidelines; and

(v) promptly refund to the FID, for further refund to the Recipient and then further refund to the Association any proceeds from the Cash-for-Work Account not used for purposes of payment to Cash-for-Work Beneficiaries in accordance with the provisions of the Cash-for-Work Agreement, or otherwise utilized in a manner inconsistent with the provisions of this Agreement.

(d) The Recipient shall exercise its rights under the Cash-for-Work Agreement in such manner as to protect the interests of FID, the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not permit FID assign, amend, abrogate or waive any of the Cash-for-Work Agreements or any of their provisions.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents. In particular, the Recipient shall ensure that:

(a) for each activity under the Project of a type for which the Environmental and Social Screening and Assessment Framework or any of the Environmental and Social Management Frameworks provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and
substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Environmental and Social Screening and Assessment Framework or the relevant Environmental and Social Management Framework, and the relevant activity is implemented in accordance with its Environmental and Social Management Plan; and

(b) for each activity under the Project of a type for which the Environmental and Social Screening and Assessment Framework or any of the Resettlement Policy Frameworks provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Environmental and Social Screening and Assessment Framework or the relevant Resettlement Policy Framework, and the relevant activity is implemented in accordance with its Resettlement Action Plan.

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 Safeguard Documents, nor shall it permit any of the Implementing Agencies, Cash-for-Work Provider or any other entity participating in the implementation of the Project to do so.

3. 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 Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

4. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

E. Annual Work Plans and Budgets

1. Each year the Recipient shall prepare:

(a) 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; and
(b) the evidence, in form and substance satisfactory to the Association, that all Safeguard Documents required prior to the implementation of the activities included in the draft annual work plan and budget have been prepared or are in the process of being prepared so as to be available in form and substance acceptable to the Association and disclosed in accordance with the Bank Policies before approval by the Association of the bidding documents for each activity.

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(b) 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.

F. Manuals

1. (a) No later than two (2) months after the Effective Date, the Recipient shall revise and update the BVPI Project Manuals, in form and substance acceptable to the Association, for the purpose of implementing Project activities to be implemented by PN-BVPI.

(b) No later than two (2) months after the Effective Date, the Recipient shall revise and update the CGPU Project Manual, in form and substance acceptable to the Association, for the purpose of implementing Project activities to be implemented by the CGPU.
No later than two (2) months after the Effective Date, the Recipient shall have caused the Road Authority to revise and update the ARM Project Manuals, in form and substance acceptable to the Association, for the purpose of implementing Project activities to be implemented by the Road Authority.

No later than two (2) months after the Effective Date, the Recipient shall have caused the FID to revise and update the FID Project Manuals, in form and substance acceptable to the Association, for the purpose of implementing Project activities to be implemented by the FID.

No later than three (3) months after the Effective Date, the Recipient shall prepare and adopt the Project Implementation Manual, in form and substance acceptable to the Association.

The Recipient shall ensure that the Project is carried out in accordance with the Project Manuals.

Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Manuals, or any provision thereof, and shall not permit the Road Authority or FID to do so.

In the event of any conflict between the provisions of any of the Project Manuals and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient 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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. Twenty-three (23) months after the Effective Date, or at any other date agreed with the Association, the Recipient shall, in conjunction with the Project Implementing Entities and the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient and the Project Implementing Entities shall prepare and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities performed pursuant to this
Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall, and shall cause the Project Implementing Entities to, act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

B. Financial Management, Financial Reports and Audits

1. (a) The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

(b) Without limitation to the provisions of paragraph (a) immediately above, the Recipient shall cause CPGU and the Road Authority to each purchase and install accounting software acceptable to the Association for the Project no later than three (3) months after the Effective Date.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage independent auditors for the purpose not later than three (3) months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements
set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the use of bidding documents acceptable to the Association, (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (d) Direct Contracting; and (e) Community Participation procedures which have been found acceptable to the Association.

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.1 and 5.5 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.
D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing 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 consultants’ services including Operating Costs for Parts A.1 and C of the Project</td>
<td>40,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants’ services for Part A.2 and B.2 of the Project, including for Sub-Projects, Training and Operating Costs</td>
<td>13,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, and consultants’ services for Part A.3 of the Project, including Training and Operating Costs</td>
<td>2,950,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, and consultants’ services for Part B.1 of the Project, including for Sub-Projects, Training and Operating Costs</td>
<td>10,050,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works and services under Part A.4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>66,200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

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

   (a) for payments made prior to the date of this Agreement;
(b) under Category 1 until the Road Authority has recruited a financial manager, a procurement specialist and a Project accountant in accordance with Section I.A.3(d)(i) of Schedule 2 to this Agreement;

(c) under Category 3 until CGPU has recruited a financial manager in accordance with Section I.A.3(d)(ii) of Schedule 2 to this Agreement;

(d) under Category 4 until PN-BVPI has recruited a coordinator, a procurement specialist, a financial management specialist, a monitoring and evaluation specialist and a technical specialist in accordance with Section I.A.3(d)(iii) of Schedule 2 to this Agreement; or

(e) under Category (5), unless the Recipient has: (i) declared that an Eligible Crisis or Emergency has occurred, and the Association has agreed with such determination; (ii) prepared and disclosed all Safeguards Documents required for activities under said Part A.4 of the Project, if any, and the Recipient has implemented any actions which are required to be taken under said documents, all in accordance with the provisions of Section I.D. of Schedule 2 to this Agreement; and (iii) established adequate implementation arrangements, satisfactory to the Association, including staff and resources for the purposes of said activities.

2. The Closing Date is June 30, 2017.
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 May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2023 to and including November 15, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 15, 2033 to and including November 15, 2052</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Annual Work Plans and Budgets” means the annual work plans and budgets for the implementation of the Project approved by the Association, referred to in Section I.E of Schedule 2 to this Agreement.


3. “ARM Environmental and Social Management Framework” means the Recipient’s document entitled “Rural Transportation Project – Environmental and Social Impact Assessment” and dated December 2001, containing an assessment of the environmental and social impacts of the Recipient’s Rural Transportation Project and detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.


5. “ARM Project Manuals” means, collectively, the Recipient’s documents entitled “Programme Sectoriel des Transports – Manuel de Procédures Administratives, Comptables et Financières – Procédures Administratives” dated March 2006”, and « Vice-Primature chargée des Programmes Économiques, Ministère des Transports, des Travaux Publics, et de l’Aménagement du Territoire – Document de Mise en Œuvre du Projet APL3 », dated 2003, each as updated for the Project in accordance with Section I.F.1(c) of Schedule 2 to this Agreement.


7. “ARM Subsidiary Agreement” means the agreement referred to in Section I.B.1(a) of Schedule 2 to this Agreement pursuant to which the
Recipient shall make part of the proceeds of the Financing available to the Road Authority.


9. "Beneficiary" means an individual or an entity legally established under the laws of the Recipient which meets the eligibility requirements to which the Recipient has made a Matching Grant for a Subproject.


11. "BVPI Environmental and Social Management Framework" means the Recipient’s document entitled “Cadre de Gestion Environnementale et Sociale (CGES) du Projet BVPI sous Financement PHRD - Secteur 1, 2 et 3 Marovoay et Ifanja Nord Itasy” dated May 2012 prepared for the Recipient’s Irrigation and Watershed Management Project, and detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.

12. "BVPI Project Manuals" means, collectively, the Recipient’s documents entitled “Projet de Soutien au Développement Rural – Manuel des Procédures – Financement Additionnel” dated January 2009 which includes the parts entitled “Deuxième Partie: Manuel des Procédures de Passation de Marchés”, “Troisième Partie: Procédures Administratives et Financières”, and “Quatrième Partie: Guide Comptable”, respectively, each as updated for the Project in accordance with Section I.F.1(a) of Schedule 2 to this Agreement.

13. "BVPI Resettlement Policy Framework" means the Recipient’s document entitled “Cadre de Politique de Réinstallation Involontaire (CPRI) du Projet BVPI sous Financement PHRD - Secteur 1, 2 et 3 Marovoay et Ifanja Nord Itasy” dated May 2012 prepared for the Project, and containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons.

14. "Cash-for-Work Account" means the segregated account opened by a Cash-for-Work Provider in accordance with the provisions of Section I.B.4(c)(i) of Schedule 2 to this Agreement.

15. "Cash-for-Work Agreement" means any of the agreements referred to in Section I.B.4(a) of Schedule 2 to this Agreement.
16. "Cash-for-Work Beneficiary" means an individual, referred to in Section I.B.4(b)(iv) of Schedule 2 to this Agreement, which meets the eligibility requirements for the purpose and has been enrolled by a Cash-for-Work Provider for the carrying out of activities under Sub-Component B.2 of the Project.

17. "Cash-for-Work Provider" means a legally established entity that has entered into a Cash-for-Work Agreement with the Recipient in accordance with the provisions of Section I.B.4(a) of Schedule 2 to this Agreement.

18. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

19. "Community Association" means an association formed among community members and legally established in accordance with the laws of the Recipient, for the purpose of, inter alia, implementing a Sub-project, under Part A.2 of the Project.


21. "CPGU" means Cellule de Prévention et de Gestion des Urgences, a technical entity established under the Recipient’s Prime Ministry and operating in accordance with the Recipient' Decree no. 2006-892, dated December 12, 2006.

22. "CPGU Project Manual" means the Recipient’s documents entitled “Manuel de Mise en Œuvre, Assistance Technique pour Intégration de la Gestion des Risques Climatiques et des Catastrophes dans le Développement Economique à Madagascar (TF091567), Financement du Track II de la GFDRR" dated March 2008, as updated for the Project in accordance with Section I.F.1(b) of Schedule 2 to this Agreement.


24. "DGM" means Direction Générale de la Météorologie, the Recipient’s General Directorate for Meteorology.

25. "Displaced Person" means a person who, on account of the execution of an activity under the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets, or (iii) loss
of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; “Displaced Persons” means all such persons.

26. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural crisis or disaster.

27. “Environmental and Social Screening and Assessment Framework” means the Recipient’s document entitled “Environmental and Social Screening and Assessment Framework for the Emergency Infrastructure Preservation and Vulnerability Reduction Project”, and dated September 2012, containing policies, guidelines, codes of practice and procedures to be respected during Project implementation, in order to ensure that Project activities address the following issues: (i) minimize environmental and social degradation resulting from a Project activity or the cumulative effects of several Project activities; (ii) protect and preserve human health; (iii) enhance positive environmental and social outcomes; and (iv) prevent or adequately compensate any loss of livelihood caused by the Project.

28. “Environmental and Social Management Frameworks” means, collectively, the ARM Environmental and Social Management Framework, the BVPI Environmental and Social Management Framework and the FID Environmental and Social Management Framework.

29. “Environmental and Social Management Plan” means the Recipient’s document prepared and disclosed in accordance with one of the Environmental and Social Management Frameworks with respect to an activity included under an Annual Work Plan and Budget, that details: (i) the measures to be taken during the implementation and operation of such activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures.


31. “FID Environmental and Social Management Framework” means the Recipient’s document entitled “Evaluation de Conformité aux Directives et Sauvegardes du Projet de Développement Communautaire – République de Madagascar” dated July 27, 2004 prepared for the Recipient’s Community Development Project, and detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse
environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.


34. “FID Subsidiary Agreement” means the agreement referred to in Section I.B.1(b) of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to FID.


36. “Implementing Agencies” means, collectively, the Road Authority, FID, PN-BVPI and CPGU; and “Implementing Agency” means, individually, the Road Authority, FID, PN-BVPI or CPGU.

37. “Integrated Pest Management Plan” means the Recipient’s plan entitled “Révision du Plan de Gestion des Pestes et Pesticides (PGPP)” and dated May 2012, containing guidance on the manufacturing, packaging, labeling, handling, storage, disposition of pesticides financed under the Recipient’s Irrigation and Watershed Management Project and the cancellation or mitigation to an acceptable level of adverse impact these pesticides may have on the environment or on the population.

38. “Lifeline Infrastructure” means infrastructure that is crucial to the population’s economic and social life. These include transport infrastructures (especially roads for domestic transport and ports for both domestic and international transport), agriculture infrastructure and social infrastructure (such as schools and health centers).

39. “Matching-Grant” means a grant made or to be made by the Recipient acting through PN-BVPI to an eligible Beneficiary out of the proceeds of the Financing for a Sub-Project.
40. “Matching-Grant Agreement” means the agreement between the Recipient acting through PN-BVPI and an eligible Beneficiary providing for a Matching-Grant.

41. “National Road” means one of the Recipient’s roads classified as “national” in accordance with the Recipient’s Law no. 98-026 dated January 20, 1999.

42. “Operating Costs” means the incremental expenses incurred by the Project Coordination Unit or the Implementing Agencies, based on the Annual Work Plans and Budgets as approved by the Association, on account of Project implementation, management, and monitoring and evaluation, including the reasonable costs for utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

43. “PN-BVPI” means the entity established by the Recipient’s Decree no. 2006-644 dated September 5, 2006.


45. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 16, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

46. “Project Coordination Unit” means the unit to be established pursuant to Section I.A.2(a) of Schedule 2 to this Agreement.

47. “Project Implementation Manual” means the manual to be adopted in accordance with Section I.F.1(d) of Schedule 2 to this Agreement, containing a description of the organization and institutional arrangement for the implementation of the Project.

48. “Project Implementing Entity” means the Road Authority or FID, as the case may be.

49. “Project Manuals” means, collectively, the BVPI Project Manuals, the CGPU Project Manual, the FID Project Manuals the ARM Project Manuals and the Project Implementation Manual.
50. "Region" means a decentralized subdivision of the Recipient, governed by the Recipient's law no. 2004-001 dated June 11, 2004, and "Regional" has a corresponding meaning.

51. "Resettlement Action Plan" means the Recipient's document prepared and disclosed in accordance with one of the Resettlement Policy Frameworks with respect to an activity included under an Annual Work Plan and Budget, which, inter alia: (i) contains a census survey of Displaced Persons and valuation of their assets; (ii) describes compensation and other resettlement assistance to be provided, consultation to be conducted with Displaced Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation; and (iii) contains a timetable and budget for the implementation of such measures.


53. "Respective Part of the Project" means Sub-Component A.1 when referring to the Road Authority's respective part of the Project and Sub-Components A.2 and B.2 when referring to FID's respective part of the Project.

54. "Road Authority" means Autorité Routière de Madagascar (ARM), the Recipient's agency responsible for the management of the Recipient's road network established by the Recipient's Law no. 2005-046, dated April 24, 2006 and operating in accordance with the Recipient's Decree no. 2006-260 dated April 11, 2006.

55. "Safeguard Documents" means, collectively, (i) the Environmental and Social Screening and Assessment Framework, (ii) the cultural property management plan to be prepared if required under and in accordance with the provisions of the Environmental and Social Screening and Assessment Framework for specific activities during Project implementation, if any, (iii) the ARM Environmental and Social Management Framework, (iv) the ARM Resettlement Policy Framework, (v) the FID Environmental and Social Management Framework, (vi) the BVPI Environmental and Social Management Framework, (vii) the Integrated Pest Management Plan, (viii) the BVPI Resettlement Policy Framework, (ix) the Dam Safety Manual, (x) the Environmental and Social Management Plans, if any, and (xi) the Resettlement Action Plans, if any.

56. "Steering Committee" means the committee to be established by the Recipient pursuant to Section 5.01(a) of this Agreement.

57. "Sub-Grant" means a grant made or to be made by FID to a Community Association out of the proceeds of the Financing for a Sub-Project.
58. "Sub-Grant Agreement" means the agreement between FID and a Community Association providing for a Sub-Grant.

59. "Sub-Project" means a set of activities to be carried out by a Community Association or an eligible Beneficiary, as the case may be, directly or through FID, financed or to be financed from the proceeds of a Sub-Grant or a Matching-Grant, as the case may be, in accordance with Section I.B.1 or Section I.B.2, as the case may be, of Schedule 2 to this Agreement.

60. "Subsidiary Agreement" means the ARM Subsidiary Agreement or the FID Subsidiary Agreement, as the case may be.

61. "Targeted Areas" means the areas which the Recipient considers and the Association agrees are among the most crisis-affected, and includes the areas described below as well as any other area proposed by the Recipient and considered as acceptable by the Association for Project's activities: (i) for activities in the transport and agriculture sectors, areas along the central, northern, southern and eastern tiers of the National Road network, along with adjacent agricultural production zones; (ii) for social protection activities, areas affected by natural disasters, areas defined as food unsecured and the areas in the south-east and the deep south; and (iii) for disaster risk management activities, in addition to the strengthening of national systems, areas in the center, northern, southeastern and eastern parts of the Recipient's territory.

62. "Training" means the reasonable cost of training under the Project, based on Annual Work Plans and Budgets, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.