The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
1818 H Street N.W. Washington, D.C. 20433
(202) 473-1000
Cable Address: INTBAFRAD

INTERNATIONAL DEVELOPMENT ASSOCIATION U.S.A.
Cable Address: INDEVAS

July 22, 2013

Hon. Hery Rajaonarimampianina
Minister of Finance and Budget
Ministry of Finance and Budget
BP 61, Antananarivo 101
Republic of Madagascar

Re: Republic of Madagascar: TFSCB III Grant No. TF013916
Support to Madagascar National Statistical System Development

Hon. Minister:

In response to the request for financial assistance made on behalf of the Republic of Madagascar ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-Donor Trust Fund for Statistical Capacity Building III ("TFSCB"), proposes to extend to the Recipient a grant in an amount not to exceed three hundred forty nine thousand four hundred ten United States Dollars (US$349,410) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the notice of effectiveness from the World Bank to the Recipient, confirming in accordance with the provisions of Section 4.02 of the Annex to this Agreement that the World Bank has accepted the supporting documents provided by the
Recipient to the World Bank to establish that the conditions of effectiveness listed in Section 4.01 of the Annex to this Agreement have been satisfied.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Hal Bric
Country Director for Madagascar
Africa Region

AGREED
REPUBLIC OF MADAGASCAR

By:

Authorized Representative

Name: Hery M. RAJAONARIMAMPIANINA

Title: Ministre des Finances et du Budget

Date: 26 JUL 2013

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions

1.01. Standard Conditions. The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:


(c) “CEMAC” means the Central African Economic and Monetary Community.

(d) “IFORD” or “Institut de formation et de recherche démographique” means an academic African institution dedicated to training population specialists and to conduct research.

(e) “IHSN” means the international household survey network established to improve the availability, accessibility and quality of survey data within developing countries.

(f) “INSTAT” means the Recipient’s Institut National de la Statistique, the Recipient’s national institute of statistics established pursuant to arrêté ministériel of November 25, 1947, and any successor thereto.

(g) “ISSEA” or “Sub-Regional Institute of Statistics and Applied Economics” means a specialized institution of CEMAC.

(h) “MACS” or “Social Accounting Matrix” means the flows of all economic transactions that take place within an economy.

(i) “NGO” means a not for profit organization.

(j) “NSDS” or “National Strategies for the Development of Statistics” means a statistical document prepared and adopted by the Recipient.

(k) “Operating Costs” means the reasonable incremental operating expenses incurred on account of the Project, including operation and maintenance of office and office equipment; communications, travel costs, per diem, and salaries of Project staff, but excluding the salaries and indemnities of members of the Recipient’s civil servants.

“Procurement Plan” means the Recipient’s procurement plan dated March 12, 2013, as the same shall be updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

“RGPH” means the general census of population and housing.


“Training” means the expenditures incurred to finance the reasonable costs associated with training and workshops provided under the Project, consisting of travel and subsistence costs for training participants, rental of training facilities, and reproduction of training materials.

**Article II**

**Project Execution**

2.01. *Project Objectives and Description.* The objective of the Project is to support the development of the Recipient’s national statistical system and the production and dissemination of timely, reliable and relevant statistical data. The Project consists of the following parts:

**Part 1. Compilation of National Accounts from 2008-2010**

Production of the 2008-2011 national accounts, through: (i) the processing of complementary national accounts data for the period; (ii) the preparation of the 2008-2010 accounts; (iii) validation workshops; and (iv) the acquisition of equipment.

**Part 2. Draft an Update of the Social Accounting Matrix and Collect Economic and Social Statistics Required for the MAMS Model**

Production of a restructured and updated MACS for 2007, through: (i) the diagnosis of the 1997 MACS; (ii) the identification of priority themes and provision details about MACS components; (iii) the reproduction of the main MACS’s documents; (iv) the processing of data from different INSTAT databases and from other institutions; (v) data coherence; and (vi) the balancing and finalization of the new 2007 MACS.

**Part 3. Production and Dissemination of the Recipient’s Statistical Yearbook**

Carrying out of a program activities aimed to the publication, on a regular basis, of the statistical yearbook, including: (i) the design of the annual survey to compile information; (ii) data processing; (iii) the production of the report; and (iv) the dissemination of the publication.
Part 4. Preparatory Activities for the Third General Population and Housing Census

Finalizing all documents and strategies relating to the census, through: (i) the reproduction of advocacy materials; (ii) the finalization of analysis plans, manuals and questionnaires; (iii) the design of a data processing strategy; (iv) the design of a data collection, operations and communications strategy; and (v) the training of regional leaders on the RGPH.

Part 5. Support to Statisticians Training

Carrying out a program of activities: (a) to increase the number of highly trained statisticians and demographers; and (b) to modernize the statistical schools to conform to regional statistics school standards on training conditions, teaching methods and quality, through:

(i) the provision of scholarship for students admitted at IFORD and ISSEA;
(ii) the increase of the computing capacity of the school;
(iii) the establishment of the documentation center;
(iv) the acquisition of teaching material and software; and
(v) the strengthening of school management.

Part 6. Update of the NSDS

Updating the existing NSDS for the upcoming 2012-2017 period, through:

(i) an identification survey of producers of statistics and their main users, at national and local levels;
(ii) diagnostics of selected sectoral statistics and the redaction of programs for the reinforcement of these sectoral statistics;
(iii) the drafting of the updated NSDS to incorporate the sectoral reinforcement programs; and
(iv) a dissemination workshop.

Part 7. Preparation of a Development Strategy for Agriculture Statistics

Carrying out a program of activities to: (i) assist the Recipient’s department of agricultural statistics and INSTAT to design a strategy to develop the production, dissemination and use of statistics in agriculture, fishery and livestock; (ii) present the strategy to the authorities and partners to support its implementation; and (iii) make all existing statistics available to users, through:

(i) the drafting of the strategy with users, information providers, private sectors, NGOs, development partners, through meetings and discussions;
(ii) the validation of the strategy;
(iii) the organization of a round table on agriculture statistics;
(iv) the identification of data sets related to agriculture;
(v) the scanning of data using the IHSN toolkit;
(vi) the creation of an agriculture web site linked with INSTAT; and
(vii) the updating of the web site through the use of existing data and other pertinent information.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by INSTAT ("Project Implementing Entity") in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

2.03. **Institutional and Other Arrangements.** Without limitations upon Section 2.02 of this Agreement:

(a) The Recipient shall make the proceeds of the Grant available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank ("Subsidiary Agreement"), including terms whereby the Project Implementing Entity shall be required to: (i) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of its objectives; (v) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (vi) enable the Recipient and the World Bank to inspect the Project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank and shall perform its obligations and exercise said rights under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

(c) The Recipient shall adopt and maintain throughout Project implementation an operation manual ("Project Operational Manual"), setting forth the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project. Except as the World Bank and the Recipient may otherwise agree, the Recipient shall not amend, abrogate, waive or otherwise modify, or permit to be amended, abrogated, waived, or otherwise modified the Project Operational Manual, or any provision thereof, without the prior written approval of the World Bank. In case of inconsistency between this Agreement, on the one hand, and the Project Operational Manual, on the other hand, the terms of this Agreement shall prevail.
(d) The Recipient shall ensure, throughout Project implementation, that the Project Implementing Entity is maintained with functions, resources and staff satisfactory to the World Bank.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six (6) months after the end of such period.

2.06. **Procurement**

(a) **General.** All goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (i) Section I of the Procurement Guidelines, in the case of goods;

   (ii) Sections I and IV of the Consultant Guidelines, in the case of consultants’ services; and

   (iii) the provisions of this Section, as the same shall be elaborated in the Procurement Plan.

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.
(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding; (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants' services, Training and Operating Costs</td>
<td>349,410</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>349,410</td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is February 28, 2015.

**Article IV**

**Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

   (a) The Subsidiary Agreement referred to in Section 2.03(a) of this Annex has been executed on behalf of the Recipient and the Project Implementing Entity and is legally binding upon each such party in accordance with its terms.

   (b) The Recipient has adopted the Project Operational Manual, in form and substance acceptable to the World Bank.

4.02. Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Annex ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister in charge of finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Budget
B.P. 61
Antananarivo 101
Madagascar
Cable: Facsimile:
MFB (261) 20 22 34530
Antananarivo

5.03. *World Bank’s Address.* The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)