Financing Agreement

(Basic Education Support 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-seven million eight hundred thousand Special Drawing Rights (SDR 37,800,000) (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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 May and 15 November 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 Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
   (b) The PIM has been adopted.

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

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister of 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
       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: Raymonde Fahidy  
Title: Secrataire General  
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 improve learning and promotion within the first two sub-cycles of basic education.

The Project consists of the following parts:

Part 1: Training teachers with a focus on early grade reading, writing and mathematics

1.1 Carrying out Eligible Expenditure Programs to support the training of teachers, including through the preparation of biannual Regional Training Plans aimed at improving teacher practices and training untrained teachers, and awarding teacher training certificates.

1.2 Institutional strengthening of the National Teacher Training Institute through *inter alia*: (i) the development of teacher training programs based on curriculum reforms for basic education; (ii) the development of new training modules; (iii) improving teacher trainer competences in regional teacher training centers; and (iv) provision of equipment, learning material and carrying out of minor rehabilitation; and (v) the preparation and implementation of a strategic plan to improve governance in teacher training institutes.

Part 2: Improving attendance and readiness to learn through preschool, construction and health

2.1 Improving the readiness of school children to learn through community-based preschool in Underserved Areas through *inter alia*: (i) the establishment of early learning centers in partnership with local communities; (ii) training pre-school educators teaching in the community-based learning centers and nearby public primary schools; (iii) carrying out of awareness-raising activities, training of community educators; (iv) establishing Community-based Early Learning Centers in Existing Facilities through Community Subgrants; and (v) carrying out management, monitoring and evaluation activities.

2.2 Provision of Community Subgrants to improve student attendance through community-based school construction including: (i) scaling up of existing well-performing community-based school building programs; and (ii) the construction and furnishing of classrooms, and carrying out of works to build latrines and establish water supplies for Eligible Communities.

2.3 Increasing student attendance by improving school health through the provision of Community Subgrants, delivering basic treatment of deworming and neglected tropical diseases, as well as provision of iron folate to students.
Part 3: School-based management to increase learner promotion

3.1 Increasing learner promotion through improved management of schools by implementing the National School Grant System.

3.2 Professionalization of school directors through: (i) developing specific job profiles with minimum qualifications; (ii) the distribution of School Management Guides; and (iii) carrying out of local training programs for the principals and local school supervisors.

Part 4: Sector reforms, system building and project implementation

Strengthening the capacity of MEN to implement the Education Sector Plan through: (i) supporting the implementation of key reforms, including the change of school calendar to match the agricultural and weather calendar, increased use of mother tongue as a teaching language, and curriculum reforms to emphasize core subjects and studies to implement the Third Sub-cycle; and (ii) strengthening the capacity of MEN and its Decentralized Structures to implement the Project including provision of technical assistance, training, education sector planning, monitoring and evaluation and grievance redress.

Part 5: Contingency emergency response

Support to the Recipient 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.

Part 6: Global Partnership for Education Variable Part

Support to the Recipient through reimbursement of expenditures under Eligible Expenditure Programs to achieve three objectives: (i) improvement of the monitoring of student learning in primary schools through standardized evaluations of student achievement in French, mathematics and Malagasy; (ii) improvement of the promotion rate in the first two sub-cycles of basic education; and (iii) ensure a better distribution of certified teachers in rural areas.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest overall responsibility in its Ministry of Education ("MEN").

2. Coordination and Monitoring Committee

(a) The Recipient shall establish, and at all times during Project implementation maintain, a coordination and monitoring committee (the "CMC").

(b) The CMC shall be chaired by the Secretary General of the Recipient’s Minister of Education and include directors of the relevant departments within the Recipient’s MEN, the Coordinator of the PFU, and representatives of MOFB.

(c) The CMC shall be responsible for providing overall guidance and oversight, for coordinating and reviewing the progress of Project activities, as well as approving all Project related documents.

3. Project Facilitation Unit

(a) The Recipient shall at all times during Project implementation maintain a project facilitation unit ("PFU") institutionally housed in the Recipient’s MEN.

(b) The PFU shall include, inter alia: a coordinator, three (3) internal auditors, a financial assistant, a finance officer, two accountants, two procurement experts, and a safeguards specialist.

(c) The PFU shall be responsible for financial management, internal audit, disbursement and procurement functions.

B. Project Implementation Manual

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual ("PIM").

2. The PIM shall contain detailed arrangements, procedures and mechanisms for: (a) institutional coordination and Project implementation; (b) the roles and
responsibilities of all involved entities and stakeholders; (c) Project budgeting, accounting, disbursement and financial management; (d) capacity building activities; (e) procurement; (f) flow of funds and disbursement arrangements; (g) the eligibility and selection criteria, transfer and DLI verification mechanisms and protocols; (h) safeguards; (i) monitoring, evaluation, reporting and communication, including indicators and disbursement-linked indicators; (j) the format for interim unaudited financial reports, the draft terms of reference for the independent verification agent for the DLIs, and the Verification Protocol to be adopted and followed by the Recipient; (k) the School Grant Manual; (l) Community Subgrants; (m) the Project’s grievance redress mechanism; and (n) other such administrative, financial, technical and organizational arrangements and procedures as shall be required for purposes of implementing the Project.

3. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate the PIM, or any provision thereof.

4. In the event of any conflict between the provisions of the PIM and those of 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; and

2. The Recipient shall furnish to the Association, not later than November 30 of each year, the annual work plans and budgets approved by the CMC 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, 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 methods and criteria 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. Safeguards

1. The Recipient shall ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association’s social and environmental safeguards policy requirements, as well as the Recipient’s own environmental and social laws and regulations.

2. The Recipient shall thereafter ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguards Instruments.

3. The Recipient shall ensure that the negative list contained in the PIM shall be complied with and that no activity deemed ineligible thereunder shall be financed.

4. The Recipient shall ensure that for each activity under the Project of a type for which the ESSAF provides that an ESMP should be prepared, the Recipient shall ensure that such ESMP is prepared, in form and substance satisfactory to the Association, and locally disclosed, before the implementation of such activity and that the relevant activity is implemented in accordance with its ESMP.

5. The Recipient shall ensure that all Project activities are carried out in accordance with the provisions of the RPF.

6. 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 Safeguards Instruments, nor shall it permit any other entity participating in the implementation of the Project to do so.

7. 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 (or with greater frequency if the circumstances so warrant), reports on the status of compliance with the Safeguards Documents, giving details of: (a) measures taken in furtherance of the Safeguards Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and (c) remedial measures taken or required to be taken to address such conditions.

E. Eligible Expenditure Programs under Parts 1 and 6 of the Project

1. For each fiscal year from the Effective Date until the Closing Date, the Recipient shall provide evidence to the Association that each of the Eligible Expenditure Programs ("EEP") receives a budgetary allocation.
2. The Recipient shall ensure that the EEPs shall comply with the eligibility criteria and procedures set forth in the PIM.

3. The Recipient shall ensure that the EEPs shall not involve any activities that could have a negative impact on the environment and/or affected people.

F. Verification Protocol for DLIs

1. The Recipient shall carry out verification missions at least annually through the PFU according to verification arrangements acceptable to the Association, for the verification of achievement of DLRs which are set forth in the table in Schedule 4 to this Agreement, and shall furnish to the Association not later than sixty (60) calendar days after the verification of compliance of said DLRs, reports on the results of said verification of compliance process in such detail as the Association shall reasonably request.

2. Such verifications will be based on a review of the documentation available at the MEN and the MoFB, as well as during on-site verification missions, if any.

G. Community Subgrants and School Grants

1. For the implementation of Parts 2 and 3.1 of the Project respectively, the Recipient shall extend Community Subgrants to Eligible Communities and School Grants to Eligible Schools in accordance with eligibility criteria, terms and conditions and procedures acceptable to the Association as described in the PIM.

2. (a) For the payment of Community Subgrants under Part 2 and School Grants under Part 3.1 of the Project, the Recipient shall conclude one or more service agreements (each a “Payment Agreement”) in form and substance satisfactory to the Association, with an entity having the capacity to provide the services and comply with the obligations described in the Payment Agreement, duly authorized to operate and validly existing in the Recipient’s territory (each a “Payment Service Provider”) selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section 3 of Schedule 2 to this Agreement. The Recipient shall ensure that each Payment Agreement is based on the model agreement attached to the PIM.

(b) Without limitation to the provisions of sub-paragraph (a) immediately above, each Payment Agreement shall include provisions to the effect that:

(i) Unless the Association shall otherwise agree in writing:

(A) the Recipient shall: (AA) ensure that the Payment Service Provider shall open and thereafter maintain for a term equal to the term of the Payment Agreement a separate
account (each a “Payment Account”) for the exclusive purpose of depositing funds for payments to be made in accordance with its Payment Agreement; and
(BB) deposit funds in said Payment Account in accordance with the provisions of the Payment Agreement. The Payment Account shall be opened in a financial institution acceptable to the Association, with terms and conditions satisfactory to the Association including, *inter alia*, a waiver of any rights said financial institution may have to set off any amount deposited in the Payment Account with any other debt; and

(B) the Payment Service Provider shall: (AA) disburse funds from the Payment Account for payments in accordance with the provisions of the Payment Agreement; (BB) ensure that all amounts deposited in the Payment Account are used exclusively to make payments to Eligible Communities and Eligible Schools in accordance with the detailed provisions, procedures, sequencing and timing in relation thereto as set forth in the PIM, and in compliance with the Anti-Corruption Guidelines; and (CC) promptly refund to the Recipient for further refund to the Association any proceeds from the Payment Account not used in accordance with the provisions of the Payment Agreement, or otherwise utilized in a manner inconsistent with the provisions of this Agreement; and

(ii) The Payment Service Provider shall:

(A) keep records and accounts of the expenditures incurred in the payments to Eligible Communities and Eligible Schools;

(B) promptly inform the Recipient of any condition which interferes or threatens to interfere with the payments to Eligible Communities or Eligible Schools and the achievement of the objective of the Project;

(C) enable the Recipient and the Association to inspect its operations, including the payments made, the Payment Account, and any relevant records and documents; and

(D) if the Association or the Recipient so requests, open access to its records and accounts of expenditures to any auditor that the Recipient shall have recruited, 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, for the carrying out of the audit of said records and accounts of expenditures.

(c) The Recipient shall exercise its rights under each Payment 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 Payment Agreement or any of its provisions.

3. Under each Payment Agreement, each Eligible Community and Eligible School receiving a Community Subgrant or School Grant shall:

(a) use its Community Subgrant and School Grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient;

(b) procure the goods, works and services to be financed out of the Community Subgrant or School Grant in accordance with the provisions of this Agreement;

(c) (i) maintain a financial management system and prepare financial statements in accordance with accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures financed from the funds of the Community Subgrant or School Grant; and (ii) 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 all financial statements audited, pursuant to subparagraph (c)(ii) immediately above, available to the public in accordance with the Association’s policies on access to information;

(d) enable the Recipient and the Association to inspect the Eligible Community or Eligible School, its operation and any relevant records and documents;
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; and

have its right to further use the proceeds of the Community Subgrant or School Grant suspended or terminated, or have the obligation to refund all or any part of the amount of the Community Subgrant or School Grant then withdrawn, upon the Eligible Community’s or Eligible School’s failure to perform any of its obligations under the Payment Agreement.

H. CER

In order to ensure the effective implementation of Part 5 of the Project:

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 CER, including: (i) designation of terms of reference for, and resources to be allocated to the entity to be responsible for coordinating and implementing the CER (“Coordinating Authority”); (ii) specific activities which may be included in the CER, Eligible Expenditures required thereunder (“Emergency Expenditures”), and any selection procedures for such inclusion; (iii) financial management arrangements for the CER; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguards management frameworks for the CER, consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure effective coordination and implementation of the CER;

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

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

(d) ensure that the CER is carried out in accordance with the CER Operations Manual; in the event of any inconsistency between the provisions of the CER 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 CER Operations Manual without prior approval by the Association.
2. The Recipient shall, throughout the implementation of the CER, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall not undertake any activities under the CER 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 CER 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 CER 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.

I. Other Undertakings

The Recipient shall, not later than six (6) months after the Effective Date select and at all times during Project implementation retain the services of an independent verification agent for the purpose of certifying the accuracy of the DLI achievement.

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 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 consulting services for Parts 1.2 and 2 of the Project</td>
<td>13,820,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) School grants under Part 3.1 of the Project</td>
<td>0</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Community Subgrants under Part 2 of the Project</td>
<td>9,980,000</td>
<td></td>
</tr>
<tr>
<td>(4) EEPs under Part 1.1 of the Project</td>
<td>10,300,000</td>
<td>100% of amounts spent in compliance with DLI amounts set out in Schedule 4 to this Agreement as reported under the interim unaudited financial report for each withdrawal</td>
</tr>
<tr>
<td>(5) Goods, works, non-consulting services, and consulting services for Part 5 the Project</td>
<td>0</td>
<td>To be defined if and when Part 5 becomes active under a crisis scenario.</td>
</tr>
<tr>
<td>(6) EEPs under Part 6 of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(7) Refund of Preparation Advance</td>
<td>2,100,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>(8) Unallocated</td>
<td>1,600,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>37,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

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 five hundred thousand Special Drawing Rights (SDR 3,500,000) may be made for payments made prior to this date but on or after January 24, 2018, for Eligible Expenditures;

   (b) for payments under Category (4), unless any applicable DLR set out in Schedule 4 to this Agreement has been met by the Recipient in a manner satisfactory to the Association as reported in accordance with the terms of the Verification Protocol, establishing that the Recipient has spent under the EEPs an amount at least equal to the amount associated with the relevant DLR set out in Schedule 4 to this Agreement;

   (c) if, at any time, the Association determines that: (i) any portion of the Financing was used to finance items improperly procured in violation of Section III of this Schedule; or (ii) any portion of the amounts disbursed by the Association to the Recipient under Category (4) was: (a) made for reimbursement of expenditures which are not eligible under the Eligible Expenditure Programs under Part 1.1 of the Project; or (b) not supported by evidence of actual spending by the Recipient under said EEP and/or by evidence of satisfaction of other criteria set forth in this Agreement or in the PIM, the Recipient shall promptly refund any such portion to the Association as the Association shall specify by notice to the Recipient. The Association may, at its own discretion, cancel such refunded amount;

   (d) without limitation to part (c) above, if the Association has received only partial evidence of compliance under the DLIs, and/or the Recipient has not presented enough Eligible Expenditures under the aggregate EEPs under category (4) to disburse the full planned disbursement amounts, the Association may, at its discretion, authorize that the unwithdrawn portion be carried forward to the subsequent withdrawals, provided that: (i) the applicable DLIs have subsequently been achieved; (ii) the Recipient has submitted documentation of Eligible Expenditures in the amount at least equal to the withdrawal amount requested; and (iii) the amounts carried forward is at least equal to the amount requested for withdrawal, may be disbursed at the time of the subsequent withdrawal; (iv) and all such
withdrawals shall be carried out in accordance with the provisions set forth or referred to in the PIM; and

(e) for payments 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 adequate staff and resources for the purposes of said activities; and

(iii) the Recipient has adopted the CER Operations Manual in form, substance and manner acceptable to the Association.

2. The Closing Date is December 31, 2022.
<table>
<thead>
<tr>
<th></th>
<th>DLI Total Financing (SDR)</th>
<th>DLI Baseline</th>
<th>DLRs and Indicative timeline for DLR achievement</th>
<th>Verification Protocol</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DLI 1:</strong> First regional plan for each region meeting the quality criteria</td>
<td>3,613,500</td>
<td>0</td>
<td>2018: 7  2019: 15  2020: 0  2021: 0  2022: 0</td>
<td>Regional plans are approved by the Recipient’s verifier and the World Bank to meet the criteria described in the PIM.</td>
<td>Scalable per plan SDR164,250 for the first regional training plan from each region meeting the quality criteria</td>
</tr>
<tr>
<td><strong>Allocated amount:</strong></td>
<td>3,613,500</td>
<td>1,149,750</td>
<td>2,463,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DLI 2:</strong> Number of teachers trained</td>
<td>5,996,500</td>
<td>0</td>
<td>2018: 4,656 in early learning  2019: 13,062 in early learning  2020: 9,932 in early learning  2021: 0 in early learning</td>
<td>Teacher training results will be compiled by the recipient based upon reporting from participating regions. The training results will be verified independently through on-site verification and contacts to trained teachers on a sample basis, as further described in the PIM.</td>
<td>Scalable per trained teacher including across teacher training modules. The achievement of trained teachers per module is indicative. SDR185 per eligible teacher trained and attested in pedagogical technique of early grade learning or another short-term training module in the PIM resulting in an attestation SDR45 per eligible teacher trained and attested per module of the academic strengthening in French and/or mathematics or another short-term training</td>
</tr>
<tr>
<td>Allocated amount:</td>
<td>5,996,500</td>
<td>907,260</td>
<td>2,647,070</td>
<td>2,223,420</td>
<td>218,750</td>
</tr>
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<td>-------------------</td>
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<td>-----------</td>
<td>-----------</td>
<td>---------</td>
</tr>
<tr>
<td>DLI 3: Quantitative and qualitative evaluation of the impact of teacher training</td>
<td>690,000</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Allocated amount:</td>
<td>690,000</td>
<td>0</td>
<td>0</td>
<td>345,000</td>
<td>0</td>
</tr>
<tr>
<td>Total IDA Financing</td>
<td>10,300,000</td>
<td>1,149,750</td>
<td>3,716,010</td>
<td>2,647,070</td>
<td>2,568,420</td>
</tr>
</tbody>
</table>

module in the PIM resulting in an attestation
SDR125 per eligible teacher certified by the certificate equivalent to full pre-service teacher training in the PIM
SDR50 per eligible teacher completing (attested) a semester module of an in-service training curriculum, including through distance learning.

Each evaluation report is prepared by the Recipient according to ToRs agreed to in advance by the Association. Each evaluation must evaluate the impact and implementation of a reasonable large scale sample of teachers who received training through the project, as described in the PIM.

SDR345,000 per evaluation. The first evaluation has to be delivered before the mid-term evaluation of the project to be eligible for disbursement. The second evaluation has to be delivered after the mid-term evaluation to be eligible for disbursement.
# 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 15 May and 15 November, commencing May 15, 2024 to and including November 15, 2055</td>
<td>1.5625%</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 3.05(b) of the General Conditions.
APPENDIX

Definitions

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

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


4. “CMC” means Coordination and Monitoring Committee.

5. “Co-financier” means GPEF.

6. “Co-financing Agreement” means the agreement to be entered between the Recipient and the Co-financier providing for the Co-financing.

7. “Co-financing” means, for purposes of paragraph 14 of the Appendix to the General Conditions, an amount of forty-five million seven hundred thousand United States Dollars ($45,700,000), to be provided by the Co-financier to assist in financing the Project.

8. “Community Subgrant” means a subgrant made available to an Eligible Community under Part 2 of the Project, for the purposes of school construction, establishing and supporting Community-based Early Learning Centers, and improving school health according to the eligibility criteria and procedures laid out in the PIM, all in accordance with Section I.G of Schedule 2 to this Agreement.

9. “Community-based Early Learning Center” means an open or closed site where a community takes the responsibility to develop physical motor, cognitive, social, emotional and language skills of children from 3-5 years old.

10. “Coordinating Authority” means the entity designated to be responsible for CER activities pursuant to Section 1.H of Schedule 2 to this Agreement.

11. “Decentralized Structures” means all agencies and directorates and departments of the MEN existing at regional, district, administrative and pedagogical zones and at school level.

12. “DLI” means disbursement linked indicator; “DLIs” means several such indicators.
13. “DLR” means disbursement linked result; “DRLs” means several such results.

14. “Eligible Communities” means communities eligible to receive Community Subgrants according to the eligibility criteria and selection procedures laid out in the PIM.

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.

16. “Eligible Expenditure Programs” or “EEPs” means programs comprising a set of expenditures for goods, works, consulting services and non-consulting services, Operating Costs and Training under parts 1 and 6 of the Project such as defined in the PIM.

17. “Eligible Schools” means schools which are eligible to receive School Grants under the eligibility criteria stipulated in the School Grants Manual.

18. “ESMP” means environmental and social action plan, “ESMPs” means several such plans.


20. “Existing Facilities” means buildings and associated grounds that meet the eligibility criteria stipulated in the PIM for housing a Community-based Early Learning Center.


23. “Malagasy” means the national language of the Recipient.


25. “MOFB” means the Recipient’s Ministry of Finance and Budget.

26. “National School Grant System” means the national school grant system that consolidates the existing programs into a single harmonized, audited and equitable school grant program providing all public primary schools with a regular and timely grant, favoring schools in high poverty areas.
27. “National Teacher Training Institute” means the national institution in charge of teacher training, as established in the decree n°2009-1139.

28. “Operating Costs” means reasonable costs related to administrative functions, communication, equipment, office equipment and office rental and transportation.

29. “Payment Account” means one of the segregated accounts opened by a Payment Service Provider in accordance with the provisions of Section I.G.2 of Schedule 2 to this Agreement.

30. “Payment Agreement” means any of the agreements referred to in Section I.G.2 of Schedule 2 to this Agreement.

31. “Payment Service Provider” means an entity which has entered into a Payment Agreement with the Recipient in accordance with the provisions of Section I.G of Schedule 2 to this Agreement.

32. “PFU” means Project Facilitation Unit, formerly known as the Unite d’appui technique a l’education pour tous.

33. “PIM” means the Project Implementation Manual described in Section 1.B of Schedule 2 to this Agreement to be adopted by the Recipient.

34. “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 January 23, 2018 and on behalf of the Recipient on January 28, 2018.

35. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for Borrowers under Investment Project Financing”, dated July 1, 2016.

36. “RAP” means resettlement action plan, “RAPs” means several such plans.

37. “Regional Training Plans” means the plans to train teachers in selected regions of the territory of the Recipient, which shall include the objectives, the selection method of teachers to be trained, the specific objectives and content of each type of planned teacher training program, the budget, timing, and material required for training as well as the qualifications of master trainers, the necessary coaching needs during trainings and post-training and a teachers’ database, as shall be further amended or described in the PIM.

38. “RPF” means resettlement policy framework.

39. “Safeguards Instruments” means collectively, the ESSAF, ESMPs, the RPF and RAPs.
40. “School Grant Manual” means the annex to the PIM detailing the selection criteria and procedures as well as eligibility requirements governing School Grants, as well as a template School Grant Agreement.

41. “School Grants” means the grants given to Eligible Schools according to the criteria terms and conditions stipulated in the School Grant Manual.

42. “School Management Guides” means guides to be used by school principals in the management of primary schools, including management of School Grants.


44. “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.

45. “Third Sub-cycle” means the schooling years seven to nine offering lower secondary education corresponding to the current level of college, as laid out in the Education Sector Plan.

46. “Training” means established learning programs or courses, in institutes/schools in the territory of the Recipient and abroad, workshops, lectures, and coursework and study tours (other than training of teachers and administrators) as provided in the Annual Work Plan and Budget.

47. “Underserved Areas” means regions and districts where the education enrollment rate and/or share of educational infrastructure is estimated to be lower compared to the national average.