Financing Agreement

(Statistical Capacity Building Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 20, 2017

Public Disclosure Authorized
CREDIT NUMBER 5996-MG

FINANCING AGREEMENT

AGREEMENT dated APRIL 20, 2017, entered into between 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 twenty-two million four hundred thousand Special Drawing Rights (SDR 22,400,000) (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 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 15 January and 15 July 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.

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 — EFFECTIVENESS

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

(a) The Recipient has established both the Project Steering Committee and the PIU, each with mandates, compositions, staff and resources satisfactory to the Association.

(b) The Recipient has adopted the Project Manual in form and substance acceptable to the Association.

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its minister of finance.

5.02. The Recipient’s Address is:

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

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

5.03. The Association’s Address is:

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

Telex: 248423 (MCI) 1-202-477-6391
AGreed at Washington D.C., United States of America, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

By

Authorized Representative

Name: H.E. SERVAIS RAKOTARIMANANA
Title: MINISTER OF FINANCE AND BUDGET

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: MARK R. LÜDDEL
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity of the National Statistics Institute (INSTAT) to produce quality statistics and to enhance its statistical dissemination practices.

The Project consists of the following parts:

Part 1. Institutional Reform and Capacity Building

1.1. Institutional Reform

Support for: (i) an institutional assessment of INSTAT, including a review of the regulatory framework and human resources structure, and the development of an action plan to consolidate INSTAT’s role; (ii) a consultation process with the relevant stakeholders; and (iii) technical assistance to draft a new statistical law and its regulations and for the creation of a national statistical coordination body, based on international best practices; (iv) a follow up assessment of human resources needs to fulfill the new organogram and updated mandate of INSTAT; and (v) study tours for INSTAT staff to countries with recent experience implementing statistical reforms.

1.2. National Strategy for the Development of Statistics (NSDS)

Support to draft a new NSDS, based on a diagnosis of the progress on the existing NSDS establishing a medium term vision and a 5-year action plan for the modernization of the statistics system, including milestones and a monitoring and evaluation system to track progress.

1.3. ICT and Equipment

Support for upgrading the ICT infrastructure, including a Data Center to ensure efficient workflows for data collection, processing, analysis, dissemination and archiving.

1.4. Improving Human Resources Technical Capacity

Support for building INSTAT’s human resources capacity by increasing the proportion of INSTAT’s professional staff with formal degrees or on-the-job training in areas related to statistics, demography, economics, and information technology through: (i) a training and skill enhancement program for existing staff; (ii) modernization of the national statistics school; and (iii) Scholarships.
Part 2. Data Collection, Analysis and Dissemination

2.1. Population and Housing Census

Support for a population and housing census to provide basic demographic and socio-economic data, key for planning and monitoring of the Government’s development programs including: (i) cartography preparation work; (ii) data collection in the enumeration phase; (iii) re-enumeration of a representative sample as part of the Post Enumeration Survey; and (iv) data entry, cleaning, tabulation, production of analytical reports, and dissemination during the data and processing analysis phase.

2.2. Household Poverty and Living Standards Survey

Support for the carrying out of the household poverty and living standards survey including (i) preparation and design of the survey; (ii) implementation and data collection; (iii) analysis and dissemination of results; and (iv) the provision of technical assistance.

2.3. National Accounts and Consumer Price Indicators

Support for the update of the national accounts through: (i) the production of new accounts for 2008 to 2015, using SNA 93, using data sources from the new population census, the updated business registry and the household surveys from Part 2.2; (ii) the update of a business registry; (iii) production of quarterly national accounts and economic dashboards; (iv) business surveys; (v) an informal sector survey; (vi) the compilation of export and import price indices; (vii) production of the consumer price indicators; and (viii) technical assistance.

2.4. Data Analysis and Dissemination

Support for the development of data access and information policies and dissemination practices through: (i) the formulation and adoption of data dissemination and microdata access policies and calendar; (ii) the redesign of INSTAT website; (iii) technical assistance and training on micro-data anonymization; (iv) the improvement of internet access at the INSTAT; and (v) carrying out of user satisfaction surveys to strengthen dialogue with the users of statistics and to assess the impact of Project activities.

Part 3. Project Management

Support to the PIU for coordination, implementation and management of Project activities, in accordance with the Project Manual, including, the preparation of annual work plans and budgets; management of all fiduciary matters, including disbursement, financial management and procurement-related activities; monitoring and evaluation, audits and reporting.
Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall establish and, throughout Project implementation, maintain the following institutional arrangements, as further described in the Project Manual.

1. Project Steering Committee

(a) Prior to the Effective Date, the Recipient shall establish, and thereafter maintain, the Project Steering Committee with composition, mandate and resources acceptable to the Association.

(b) The Project Steering Committee shall be chaired by the Ministry of Planning and Economy, and shall include representatives from INSTAT, the Ministry of Finance, the Central Bank and the Chairman of the INSTAT Board as well as other members that the Minister of Planning and Economy may appoint at his discretion.

(c) The Project Steering Committee shall be responsible for providing strategic guidance and oversight of Project implementation.

2. PIU

(a) Prior to the Effective Date, the Recipient shall establish, and thereafter maintain, the Project Implementing Unit (PIU) within INSTAT, with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall maintain at all times sufficient staff, each with adequate terms of reference, qualifications and experience for the Project.

(b) The PIU shall be responsible for the day to day management of the Project and the coordination of its activities including, *inter alia*, procurement, disbursement, accounting, reporting, social and environmental management, communication, monitoring and evaluation.

(c) The PIU shall include, *inter alia*: a Project Coordinator, a Deputy Project Coordinator, an accountant, an internal auditor, a financial management specialist, a procurement specialist, and an M&E specialist.
B. **Project Manual**

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

   (b) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate the Project Manual, or any provision thereof.

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

C. **Annual Work Plans**

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

2. The Recipient shall furnish to the Association, not later than November 30 of each year, the annual work plans and budgets approved by the Project Steering Committee 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 the 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. **Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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.

B. Financial Management, Financial Reports and Audits

1. 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.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project; the audit for the first fiscal year of the Project shall also clear the audit backlog at INSTAT. 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.

Section III. Procurement

All goods, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

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 (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services, Operating Costs, Scholarships, and Training for the Project</td>
<td>19,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>2,800,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>22,400,000</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 for payments made prior to the date of this Agreement.

2. The Closing Date is March 31, 2022.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each 15 January and 15 July, commencing 15 July 2023 to and including 15 January 2055.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions


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

3. "Data Center" means comprises computers, printers and internet servers.

4. "Deputy Project Coordinator" means the staff recruited to support the Project Coordinator who shall be responsible for all technical, fiduciary, and administrative matters related to Project implementation.

5. "Eligible Candidates" means candidates who have passed the competitive entrance examination to study abroad in internationally recognized regional statistics schools and who have been selected according to eligibility criteria acceptable to the Association and stipulated in the Project Manual.


7. "ICT" means Information Communication Technology.


9. "PIU" means the Recipient's project implementation unit.

10. "Operating Costs" means costs related to office rental; equipment; travel; operating expenditures and vehicles.

11. "Post-Enumeration Survey" means the survey carried out after the completion of the enumeration process.

12. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on November 23, 2016, and on behalf of the Recipient on November 23, 2016.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 26, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


15. “Project Coordinator” means the staff responsible for overall Project coordination.

16. “Scholarships” means tuition and stipends awarded to Eligible Candidates on terms and conditions under Part 1.4 of the Project, and according to selection processes, acceptable to the Association and stipulated in the Project Manual.

17. “SNA 93” means System of National Accounts established in 1993, which will be implemented using 2007 as the baseline year.

18. “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.