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The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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September 24, 2012

Mr. Désiré Rasidy
JIRAMA
149 rue Rainandriamampandry
BP 200 Antananarivo
101 Madagascar

Dear Sir:

REPUBLIC OF MADAGASCAR: Credit No. 4223-MAG
(Power Sector Improvement and Recovery Project -previously known as Power and Water Sector Recovery and Restructuring Project)
Amendment to the Project Agreement

We refer to the Project Agreement (the Project Agreement), dated July 17, 2006, for the above-mentioned project (the Project), between JIRAMA (the Project Implementing Entity) and the International Development Association (the Association). We also refer to the Financing Agreement (Financing Agreement) dated July 17, 2006 between the Republic of Madagascar (the Recipient) and the Association for the financing of the same project. By letter no. 381-2012-MFB/SG/DGT/DDP/SSP/RB, dated June 7, 2012 the Recipient has requested that the Association agrees to a revision of the Financing Agreement and the Project Agreement in order to reflect changes in the Project, including: (i) a revision of the Project's activities; (ii) a revision of the Project's development objective; (iii) a revision of the indicators used to measure the performance of the Project; (iv) a revision of certain Recipient's and Project Implementing Entity's undertakings as a result of these changes in the Project; (v) a reallocation of the funds among existing disbursement categories; and (vi) an extension of the closing date. We are pleased to inform you that the Association accedes to the Recipient's request. In order to reflect the changes in the Project into the Financing Agreement, an Agreement providing for the Amendment and Restatement of the Financing Agreement is expected to be signed concomitantly with this Amendment Letter (the Letter). The purpose of this Letter is to reflect the changes in the Project into the Project Agreement. Capitalized terms used in this Letter and not otherwise defined herein have the meaning ascribed to them in the Financing Agreement.

The Association proposes to amend the Project Agreement as follows:

1. The first sentence of Section 2.01 of the Project Agreement is amended to read as follows:

"2.01. The Project Implementing Entity declares its commitment to the objectives of the Project."

2. Section II.A.1 of the Schedule to the Project Agreement is deleted in its entirety and replaced with the following language:

"1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project, and prepare Project Reports for its Respective Part of the Project, in accordance with the provisions of Section 4.08 (b) of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later 45 days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report. "

3. Section II.B.3 of the Schedule to the Project Agreement is deleted in its entirety and replaced with the following language:

"3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association. "

4. Section IV of the Schedule to the Project Agreement is deleted completely and replaced with the following language:

"Section IV. Anti-Corruption
The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines."

All other provisions of the Agreement except as amended herein, shall remain in full force and effect.

This amendment shall become effective as of the date of the notice of effectiveness from the Association to the Recipient, confirming that the Association has accepted the supporting documents provided by the Recipient to the Association to establish that the following condition of effectiveness has been satisfied, namely that the Agreement providing for the Amendment and Restatement of the Financing Agreement has been signed by the Recipient and the Association.

Please confirm your agreement to the amendment by countersigning, dating and returning to us the enclosed copy of this letter, while keeping one original for your records.

Sincerely,

Haleh Kabbaj
Country Director for Madagascar
Africa Region

AGREED:
JIRAMA

By: _____
Mr. Désiré Rasidy
Directeur Général

Date: September 24, 2012