March 31, 2017

Ms. Estelle Raharinaivosoa
Executive Director
SAHA Civil Society Organization
Lot II Y 33C
Villa Maria 101
Antananarivo
Republic of Madagascar

Re: Republic of Madagascar: GPSA Trust Fund Grant No. TF0A4471
Citizen Involvement in Municipal Service Improvement Project
Letter Agreement

Dear Ms. Raharinaivosoa:

In response to the request for financial assistance made on behalf of SAHA Civil Society Organization ("Recipient"), a Civil Society Organization with legal personality duly registered in the public registry of civil associations of the Republic of Madagascar ("Member Country"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the "World Bank"), acting as administrator of grant funds provided by multiple donors ("Donors") under the Global Partnership for Social Accountability ("GPSA") Multi-Donor Trust Fund (the "GPSA Trust Fund"), proposes to extend to the Recipient for the benefit of the Member Country, a grant from the GPSA Trust Fund in an amount not to exceed seven hundred thousand United States Dollars (U.S.$700,000) ("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 GPSA 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 returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Mark R. Lundell
Country Director for Madagascar
Africa Region

AGREED:
SAHA CIVIL SOCIETY ORGANIZATION

By:

Authorized Representative

Name: Raha Hainvavonona Estelle Bénédicte
Title: Directeur exécutif ONC SAHA
Date: 20 April 2017

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017
(3) “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
Article I
Standard Conditions; Definitions


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 terms have the following meanings:

(a) “Civil Society Land Use Platform” means a nationally recognized entity specialized on land issues that shall provide the Project with its expertise on land laws and history.

(b) “Civil Society Organization” or “CSO” means a legal entity that falls outside the public or for-profit sector, such as non-government organizations, not-for-profit media organizations, charitable organizations, faith-based organizations, professional organizations, labor unions, associations of elected local representatives, foundations, and policy development and research institutes; and “CSOs” means, collectively and indistinctively, more than one such CSO.

(c) “Coalition of Radio Stations for Peace Building” means a radio coalition that shall participate in the Project’s on-the-ground activities.

(d) “Enabling legislation” means the Arrêté No. 149/2011-BIM/ONG/REGAN, dated April 27, 2011, pursuant to which, the Member Country has granted the Recipient the right to carry out activities provided for by the Recipient’s status in accordance with Law 96-30 governing the NGOs.

(e) “HELVETAS” means a Swiss based CSO that shall share its international experience to the Project through methodological support of mentoring partnership management tools, knowledge management processes and monitoring and evaluation.

(f) “Madagascar Transparency and Social Accountability Network” means a Malagasy organization that shall participate in the Project’s on-the-ground activities.

(g) “Milestone” means each and any of the achievements set forth in the additional instructions that the World Bank may specify by notice to the Recipient pursuant to Section 3.01 (iii) of this Annex.

(h) “Partner CSO” means: (i) the HELVETAS; (ii) the Civil Society Land Used Platform; (iii) the ROHY Platform; (iv) the Madagascar Transparency and Social Accountability Network; and (v) the Coalition of Radio Stations for Peace Building.

(i) “MOU” means the memorandum of understanding, satisfactory to the World Bank, to be entered into between the Recipient and each Partner CSO pursuant to the provisions of Section 2.03 of this Annex, as such instrument may be amended from time to time.
(j) “ROHY Platform” means the current umbrella platform of Malagasy CSOs that shall contribute along with the Civil Society Land Use Platform to the development of land-related materials adapted to local context.

(k) “SLC” means local coordination structures.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve transparency and accountability mechanisms between local governments and citizens through participative planning and budgeting in targeted municipalities of the Member Country.

The Project consists of the following parts:

**Part 1. Strengthening Local Coordination Structures in Targeted Municipalities**

Strengthening targeted SLCs’ ability to evaluate local municipal service delivery in health, education and land by:

(a) Developing and implementing a communication and information strategy on participatory planning and basic service evaluation outputs through: (i) the launching of a web-based platform; and (ii) regional advocacy workshops and radio programs.

(b) Developing community assessment tools.

(c) Training SLC members in municipal planning, evaluation methodologies, transparency and social accountability.

(d) Training SLC members and communal council members in budget related activities, action plan analysis and advocacy.

(e) Assisting SLCs in conducting community assessments of municipal services in education, health and possibly in land.

**Part 2. Improving Transparency and Accountability of Decentralized Services in Targeted Municipalities**

Increasing local tax revenue by strengthening transparency in budget preparation, public procurement and municipal planning and investment in health, education and land through:

(a) Carrying out of training for public inter-municipal cooperation organizations, decentralized technical services and local CSOs in: (i) transparency; (ii) budgeting; and (iii) planning and development of service improvement plans.

(b) Provision of support to public inter-municipal organizations, decentralized technical services and local CSOs for: (i) the implementation of existing tools; (ii) participatory planning and budgeting; and (iii) budget transparency.

(c) Provision of support to national and regional CSOs’ activities on: (i) municipalities; and (ii) regional data disclosure.
Part 3. Knowledge Sharing and Learning and Project Management

(a) Carrying out a program of activities to institutionalize Project lessons, including:
(i) developing mechanisms to capture and facilitate knowledge sharing, exchange and uptake among
Project stakeholders; (ii) disseminating knowledge and learning products tailored to target audiences;
(iii) delivering tailored capacity development activities on governance and decentralization for
members of Parliament and other key stakeholders; and (iv) organizing or attending national and
international sharing and exchange events.

(b) Supporting the day-to-day implementation and monitoring of the Project through the
 provision of: (i) consultants’ services, including audits; (ii) Operating Costs; and (iii) Training.

2.02. Project Execution Generally. 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: (i) Article II of the Standard Conditions; (ii) 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 (“Anti-Corruption
Guidelines”); (iii) this Article II; and (iv) the MOUs; provided, however, that the Recipient shall
retain sole fiduciary responsibility under the Project, including for procurement and financial
management.

2.03. Institutional and Other Arrangements. Without limitation upon the provisions of
Section 2.02 above:

(a) The Recipient shall enter into an MOU with each of the Partner CSOs, respectively,
under terms and conditions acceptable to the World Bank setting forth, inter alia: (1) the respective
roles and responsibilities of the Partner CSOs under the Project, including: (i) the obligation of
the Partner CSOs to carry out the technical implementation of their respective activities under the Project
with due diligence and efficiency; and (ii) the conditions for the Recipient’s financing, out of the Grant
proceeds, of limited Operating Costs of the Partner CSOs for the discharge of their respective roles
and responsibilities under the Project; (2) the World Bank’s and the Recipient’s right to require
audits of the Partner CSOs’ records and accounts; and (3) the Recipient’s right to suspend,
terminate or seek refund of the Operating Costs upon the failure of the Partner CSOs to comply
with their roles and obligations under their respective MOUs.

(b) The Recipient shall exercise its rights and carry out its obligations under the MOU in
such manner as to protect the interests of the World Bank and the Recipient and to accomplish the
purposes of the Grant and, unless the World Bank shall otherwise agree, the Recipient shall not assign,
amend, abrogate, terminate, waive or fail to enforce the MOUs or any of the provisions thereof.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such
measures as the World Bank may reasonably request to identify publicly the Donors’ support for
the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall,
upon the World Bank’s request, take all measures required on its part to enable the representatives
of the Donors to visit any part of the Member Country’s territory for purposes related to the Project.

2.05. 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.

(b) 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.

2.06. **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 one month after the end of each calendar semester, covering the semester, 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. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement**

All goods and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project ("Procurement Plan") dated December 28, 2016 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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) Article III of the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing”, dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures directly relating to the achievement of the Milestones for each Part of the Project and consisting of goods, consulting services (including audits), Training, and Operating Costs, all inclusive of Taxes, and excluding art, furniture, carpets, vehicles and generators.

For the purposes of this Section 3.01, the terms:

(a) "Training" means the expenditures incurred by the Recipient to conduct training, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other
costs directly related to training course and workshop preparation and implementation (but excluding goods and consulting services); and

(b) "Operating Costs" means the reasonable expenditures, as shall have been approved by the World Bank, incurred by the Recipient and any Partner CSOs to finance its incremental expenses incurred on account of Project implementation, and which include, *inter alia*, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and its equipment maintenance (but excluding any minor works), utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consulting services), and any other reasonable expenditures as may be agreed upon by the World Bank.

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 this Agreement.

3.03. *Withdrawal Period*. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2020.

**Article IV**

**Additional Remedies**

4.01. *Additional Events of Suspension*. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) The Recipient's Enabling Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under the Project; and

(b) An extraordinary situation has arisen which makes it improbable that the Recipient shall be able to perform its obligations under the Project.

**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 Executive Director.

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

SAHA Civil Society Organization  
Lot II Y 33C  
Villa Maria 101  
Antananarivo  
Republic of Madagascar

Facsimile:  
Email:  
(261) (0) 22 321 53  
Estelle.Raharinaivosoa@moov.mg
5.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

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