His Excellency Mr. Hery Rajaonarimampianina  
Minister of Finance and Budget  
Ministry of Finance and Budget  
BP 121, Antananarivo 101  
Republic of Madagascar

Excellency:

REPUBLIC OF MADAGASCAR: Credit No. 5187-MG  
(Emergency Infrastructure Preservation and Vulnerability Reduction Project)  
Amendment to the Financing Agreement

We refer to the Financing Agreement (the Agreement), dated December 3, 2012, for the above-mentioned Project, between the Republic of Madagascar (the Recipient) and the International Development Association (the Association). All terms appearing in this Letter with a first capital letter and not otherwise defined herein have the meaning ascribed to them in the Agreement. We also refer to: (i) the decision (arrêté) of the Minister of Agriculture no. 32558/2012 dated December 28, 2012, triggering the locust alert throughout the Malagasy territory and declaring the state of public emergency; and (ii) your letters no. 341/2013-MFB/SG/DGT/DDP/SSP dated May 13, 2013, and no. 477/2013-MFB/SG/DGT/DDP/SSP dated July 10, 2013, respectively, requesting a reallocation of the funds of the Project to provide an amount equivalent to ten million Dollars of the United States for the partial financing of the Recipient’s response to this emergency under Part A.4 of the Project. Other financing have been requested by the Recipient from other donors who have not yet confirmed their support to the Recipient’s response to the locust alert and state of public emergency. If such other financing materialize, the allocation of the funds of various sources of financing will be allocated to expenditures in accordance with the provisions of the Locust Response Action Plan and Budget referred to in Section I below. It is also necessary to determine and agree on the arrangements to implement these new activities.

We are pleased to inform you that the Association agrees and confirms that the locust alert referred to in decision (arrêté) of the Minister of Agriculture no. 32558/2012 constitutes an Eligible Crisis or Emergency as defined in the Agreement. Therefore, the Association accedes to your request and proposes to amend the Agreement as follows:

1. A new Section I.B.5 is inserted in Schedule 2 to the Agreement, which reads as follows:


(a) Locust Response Action Plan and Budget.

(i) For the implementation of Part A.4 of the Project, the Recipient shall submit to the Association for non-objection an action plan, in form and substance acceptable to the Association, to implement the Recipient’s response to the
locust alert and state of public emergency, including the description of the activities to be carried out, a budget, a complete financial plan and an allocation of each funds provider’s resources to the financing of the activities included in the action plan.

(ii) Only the expenditures included in the action plan, budget and financial plan expressly approved by the Association (once approved by the Association such overall action plan, with budget and financial plan, is referred to as the “Locust Response Action Plan and Budget”) and to be financed by the Association pursuant to the Locust Response Action Plan and Budget are eligible to a financing from the proceeds of Category 5.

(iii) The Recipient shall ensure that Part A.4 of the Project is carried out in accordance with the Locust Response Action Plan and Budget.

(iv) The Locust Response Action Plan and Budget may be revised as needed during Project implementation subject to, inter alia, the Association’s prior approval.

(b) FAO Agreements.

(i) For the implementation of Part A.4 of the Project, the Recipient, acting through PN-BVPI, shall enter into two agreements, each in form and substance acceptable to the Association, with FAO, one for the provision of technical assistance and one for the provision of goods and related services (collectively, the “FAO Agreements”).

(ii) The Recipient shall exercise its rights under the FAO Agreements 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 permit FAO to assign, amend, abrogate or waive any of the provisions of the FAO Agreements.

(c) Locust Response Manual.

(i) For the implementation of Part A.4 of the Project: (A) the Recipient shall revise the Project Manuals, as needed; and (B) the Recipient, acting through PN-BVPI, shall adopt the Locust Response Manual, in form and substance acceptable to the Association. The Locust Response Manual shall contain a description of the specific organization and institutional arrangements, as well as the administrative, financial and accounting procedures, other fiduciary guidelines and environmental and social requirements, each to be complied with for the implementation of Part A.4 of the Project.

(ii) The Recipient shall ensure that Part A.4 of the Project is carried out in accordance with the Locust Response Manual.

(iii) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Locust Response Manual, or any provision thereof, and shall not permit FAO to do so.
(iv) In the event of any conflict between the provisions of Locust Response Manual and those of this Agreement, the provisions of this Agreement shall prevail.”

2. A new Section I.D.5 is inserted in Schedule 2 to the Agreement, which reads as follows:

“5. Safeguard Documents for the implementation of Part A.4 of the Project.

(a) For the implementation of Part A.4 of the Project, the Recipient has prepared the Locust Response Integrated Pest Management Plan, in form and substance acceptable to the Association, which shall be disclosed in accordance with the Bank Policies before the implementation of activities under Part A.4 of the Project commences.

(b) Before pesticides storage and handling commence under Part A.4 of the Project, the Recipient shall have prepared the FAO Environmental and Social Management Plan, in form and substance acceptable to the Association, and the FAO Environmental and Social Management Plan shall have been disclosed in accordance with the Bank Policies.”

3. In Section III of Schedule 2 to the Agreement, the list of particular methods for the procurement of goods, works and non-consulting services is completed by the addition of a new Section III.B.2(f) to read as follows:

“(f) Procurement from United Nations Agencies”.

4. In Section III of Schedule 2 to the Agreement, the list of particular methods for the selection of consultants is completed by the addition of a new Section III.C.2(g) to read as follows:

“(g) Selection of United Nations Agencies under procedures set forth in Paragraph 3.15 of the Consultant Guidelines”.

5. The table of disbursements in Section IV.A.2 of Schedule 2 to this Agreement is deleted in its entirety and replaced by the following table:
In the Appendix to the Agreement the following definitions are amended as follows:

“49. “Project Manuals” means, collectively, the BVPI Project Manuals, the CGPU Project Manual, the FID Project Manuals, the ARM Project Manuals, the Project Implementation Manual and the Locust Response Manual.”

“55. “Safeguard Documents” means, collectively, (i) the Environmental and Social Screening and Assessment Framework, (ii) the cultural property management plan to be prepared if required under and in accordance with the provisions of the Environmental and Social Screening and Assessment Framework for specific activities during Project implementation, if any, (iii) the ARM Environmental and Social Management Framework, (iv) the ARM Resettlement Policy Framework, (v) the FID Environmental and Social Management Framework, (vi) the BVPI Environmental and Social Management Framework, (vii) the Integrated Pest Management Plan, (viii) the BVPI Resettlement Policy Framework, (ix) the Dam Safety Manual, (x) the Environmental and Social
Management Plans, if any, (xi) the Resettlement Action Plans, if any; and (xii) the Locust Response Safeguard Documents.”

7. In the Appendix to the Agreement the following definitions are added and inserted in alphabetical order (all definitions being renumbered as needed accordingly) and read as follows:

“___” “FAO” means the Food and Agriculture Organization”, the United Nations agency established, inter alia, to fight hunger.”

“___” “FAO Agreement” means, collectively, the two agreements to be entered into between the Recipient and FAO in accordance with Section I.B.5(b)(i) of Schedule 2 to the Agreement.”

“___” “FAO Environmental and Social Management Plan” means the safeguard document to be prepared in accordance with Section I.D.5(b) of Schedule 2 to this Agreement, describing: (a) the measures to be taken with respect to pesticides storage and handling under Part A.4 of the Project, to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures including monitoring and institution strengthening. The FAO Environmental and Social Management Plan shall also include a monitoring and evaluation plan.

“___” “Locust Response Action Plan and Budget” means the action plan and budget including a financial plan expressly approved by the Association and referred to in Section I.B.5(a)(ii) to (iv) of Schedule 2 to the Agreement.”

“___” “Locust Response Integrated Pest Management Plan” means the Recipient’s document entitled “Campagne antiacridienne 2013/2014 à Madagascar - Note sur la gestion des pesticides et sur les mesures d’atténuation et de suivi de l’impact des traitements sur la santé humaine et l’environnement” and dated June 2013, acceptable to the Association and consulted upon and disclosed in accordance with the Bank Policies, containing guidance on the manufacturing, packaging, labeling, handling, storage and disposition of pesticides financed under Part A.4 of the Project and the cancellation or mitigation to an acceptable level of adverse impact these pesticides may have on the environment or on the population.

“___” “Locust Response Manual” means the manual in form and substance acceptable to the Association, to be adopted by the Recipient in accordance with Section I.B.5(c)(i) of Schedule 2 to the Agreement.”


All other provisions of the Agreement except as amended herein, shall remain in full force and effect.
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. Upon receipt by the Association of the copy of this Letter dated and countersigned by the Recipient, this amendment shall become effective as of the date of its countersignature by the Recipient.

Sincerely,

Halan Z. Bridi
Country Director for Madagascar
Africa Region

AGREED:

REPUBLIC OF MADAGASCAR

By:

His Excellency Mr. Hery Rajaonarimampianina
Minister of Finance and Budget

Date: 17 JUL 2013
Cleared by and bcc: Supee Teravaninthorn (AFTTR); Alexandra C. Bezeredi (AFTN1); Luis M. Schwarz, Issa Thiam (CTRLA).

Bcc: Jamal Saghir, Vinodhini David (AFTSN); Fabio Galli, Noroarisoa Rabefaniraka, Farida Khan, Lydie A. Billey, AFTTR QUALITY TEAM (AFTTR); Severin Kodderitzsch, Ziva Razafintsalama (AFTA1); Lynne D. Sherburne-Benz, Andrea Vermehren (AFTSE); Benoit Bosquet, Giovanni Ruta, Paul-Jean Feno, Alisson Clausen (AFTN1); Thomas Buckley, Ellena Rabeson, Andry Rakotoarisoa, Sonya Rakotonirina (AFCS4); Joao Veiga Malta, Lova Ravaoarimino (AFTPC); Wolfgang M. T. Chadab, Michel De Marigny, Fidiantrianina Aina lant Rajerison (CTRLA); Joseph Byamugisha (AFTFM); Maria Vannari (OPSOR); Hélène Bertaud (LEGAM); AFTOSAdvisory; WB docs.