
CREDIT NUMBER 7286-MG

Financing Agreement

(Digital and Energy Connectivity for Inclusion in Madagascar Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7286-MG

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) 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, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to two hundred ninety-six million seven hundred thousand Special Drawing Rights (SDR 296,700,000) (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 Payment Dates are May 15 and November 15 in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.06. 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, through its Ministry of Energy and its Ministry of Digital and Telecoms, 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

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.

- 5.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministère de l'Economie et des Finances
BP 61
Antananarivo 101
Republic of Madagascar; and

- (b) the Recipient's Electronic Address is:

E-mail:
tresorddp@gmail.com

- 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

- (c) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	(+1) 202 477 6391

AGREED as of the Signature Date.

REPUBLIC OF MADAGASCAR

By



Authorized Representative

Name: Rindra Hasimbelo Rabarininarison

Title: Ministre de l'Economie et des Finances

Date: 09-Apr-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Idah Z. Pswarayi-Riddihough

Title: Country Director for Mozambique, Madagascar, Comoros

Date: 06-Apr-2023

SCHEDULE 1

Project Description

The objective of the Project is to expand access to renewable energy and Digital Services in Madagascar.

The Project consists of the following parts:

Part 1: Expanding Energy and Digital Infrastructure

- 1.1 Hybridization and digitization of selected existing isolated grids in thermal power plants operated by JIRAMA, including: (a) purchase, installation and automation of solar technology, battery storage, and associated equipment; (b) enhancement of existing distribution networks and connection of additional customers; (c) deployment of smart-grid and smart-metering technologies; and (d) financing of related studies.
- 1.2 Deployment of digital energy-efficient and climate-resilient infrastructure in selected rural areas to expand broadband coverage and incentivize private sector participation, through financing of: (a) Smart Subsidies to encourage private sector participation to extend or upgrade cellular networks; (b) independent monitoring; and (c) related studies and consulting services.
- 1.3 Deployment of private sector renewable energy hydro and solar mini-grids in selected areas not served by JIRAMA, through financing of: (a) (i) Viability Gap Funding Grants, (ii) PBF Grants and (iii) Sub-Loans, to rehabilitate or build and operate selected mini-grids, hybridize diesel mini-grids with renewable electricity, battery storage and associated equipment, expand and densify existing mini-grids, or purchase appliances and/or productive uses equipment; and (b) related technical assistance and mapping and feasibility studies.

Part 2: Enhancing Energy and Digital Inclusion

- 2.1 Promotion of affordable OGS and digital devices for underserved communities and marginalized groups in targeted areas, through financing of: (a) (i) PBF Grants, (ii) Catalytic Grants, and (iii) Sub-Loans for the distribution of OGS products, digital devices and productive use equipment and appliances among target populations; and (b) related technical assistance.
- 2.2 Improve digital literacy and renewable energy awareness of the general population and consumers, *inter alia*: the youth, women, and vulnerable groups, through financing of relevant feasibility and sustainability studies, Training and outreach.

- 2.3 Support OGS and broadband connectivity for selected public institutions (schools and health centers) to increase service delivery and access for underserved communities, including financing of: (a) installation and maintenance of solar photovoltaic systems and provision of broadband connectivity services in selected public institutions; (b) long-term contracting of services through: (i) PBF Grants, (ii) Smart Subsidies, and (iii) pre-purchase of internet capacity; (c) support to expansion of last-mile connectivity and services for public wi-fi access points in selected communities; (d) related studies and technical assistance; and (e) payment of the Recipient's national research and education network ("IRENALA") membership fees to the EU AfricaConnect 3 program.

Part 3: Supporting Enabling Environment for Green Energy and Digital Infrastructure

- 3.1 Technical assistance and capacity-building to ARTEC and the Ministry of Digital and Telecoms for digital sector reforms, to *inter alia*: address regulatory market entry barriers and improve competition in the telecom sector, strengthen the capacity of ARTEC and enhance the performance and accountability of FDTIC, develop strategic studies to improve digital device affordability and reduce deployment costs of relevant infrastructure across the energy and digital sectors.
- 3.2 Support to energy sector reforms, to *inter alia*: conduct regulatory reviews, Training, facilitate private sector participation, and institutional reforms at JIRAMA, ARELEC and ADER, including sector studies and assessments, review of JIRAMA's household connection policy, studies on JIRAMA's fiber network management, asset inventory and maintenance needs, and audit capacity, and JIRAMA's renewable energy procurement processes.
- 3.3 Support to climate change enabling environment, to *inter alia* support transition to deployment of climate-smart digital and energy infrastructure and responsiveness through studies and regulatory support to ARTEC, ARELEC, BNGRC, and development of a strategy to inform climate-informed policies and regulations in the ICT and digital sector.

Part 4: Project Management and Implementation Support

Support to Project management and implementation and strengthening of coordination and management capacity, on technical, fiduciary, environmental and social, outreach, monitoring and evaluation, including Operating Costs, Training, and costs of recruitment of the Fund Manager and Verification Agent.

Part 5: Contingent Emergency Response Component

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Throughout the implementation of the Project, the Recipient shall: (a) maintain the following institutional arrangements, as further detailed in the Operations Manual and acceptable to the Association; (b) vest overall technical responsibility for the Project with its Ministry of Energy and its Ministry of Digital and Telecoms, through the Project Coordination Unit (“PCU”); (c) vest fiduciary responsibility for the Project with its Ministry of Energy; and (d) cause environmental and social aspects to be under the responsibility of the PCU, as further set out in the ESCP.

Project Steering Committee

2. The Recipient shall establish no later than three (3) months after the Effective Date, and thereafter maintain throughout Project implementation, a Project Steering Committee, with mandate, composition and resources acceptable to the Association and further set out in the Operations Manual, to be responsible for the strategic direction and general oversight of the Project and support for sectoral coordination. The Project Steering Committee shall also approve Annual Work Plans and Budgets.

Technical Committee

3. The Recipient shall establish no later than three (3) months after the Effective Date, and thereafter maintain throughout Project implementation, a Technical Committee for the Project, with mandate, composition and resources acceptable to the Association and further set out in the Operations Manual, to be responsible for providing technical support to the Project, including the review of audited financial statements and clearance of the Annual Work Plans and Budgets.

Project Coordination Unit

4. The Recipient shall establish no later than three (3) months after the Effective Date, and thereafter maintain throughout Project implementation, PCU under the oversight of both the Ministry of Energy and the Ministry of Digital and Telecoms and formally hosted within the Ministry of Energy, with terms of reference, resources, staffing satisfactory to the Association, as the PCU shall be staffed at all times during Project implementation with at least the following key staff: (a) a Project coordinator; (b) a deputy coordinator for energy; (c) a deputy coordinator for digital; (d) environmental and social specialists as listed in the ESCP; (e) a monitoring and evaluation specialist; (f) an off-grid specialist; and

(g) a procurement officer; all with terms of reference, qualifications and experience satisfactory to the Association.

5. Notwithstanding and without limitation to para. 4 immediately above and the ESCP, the Recipient shall: (a) recruit for the Project, (i) no later than three (3) months after the Effective Date, (A) a financial management specialist; (B) an accountant; and (C) an internal auditor; and (ii) no later than six (6) months after the Effective Date, an external auditor; all with terms of references, qualifications and experience satisfactory to the Association; and (b) acquire, customize and install, no later than three (3) months after the Effective Date, an accounting software, under modalities and specifications satisfactory to the Association.

Fund Manager

6. In order to implement Parts 1.3 and 2.1 of the Project, the Recipient shall, through the PCU assisted by a Transaction Advisor, select and appoint an independent Fund Manager, with experience and qualifications satisfactory to the Association and in accordance with the Procurement Regulations, and ensure that the Fund Manager shall: (a) be responsible throughout Project implementation for assisting the PCU in carrying out the operationalization and oversight of financial instruments under these components and collaborate with ADER in the design of mini-grid transactions, evaluation of proposals and grant award decisions under Part 2.1; (b) be, prior to the carrying out of any Sub-Financings under Parts 1.3 and 2.1 of the Project, and thereafter operate throughout Project implementation, under arrangements satisfactory to the Association, including acceptable governance, institutional and fiduciary capacity, operational guidelines, and commercial and financial practices; (c) establish and operationalize throughout Project implementation an ESMS satisfactory to the Association, in accordance with the ESCP; (d) maintain, throughout Project implementation, financial and performance requirements, including an integrated funds flow information system, incorporating as needed any eligible financial institutions, including micro-finance, selected with the approval of the Association for purposes of carrying out Parts 1.3 or 2.1 of the Project, to enable to record and access all relevant financial information related to the implementation of said activities; and (e) (i) enter into agreements with Eligible Beneficiaries (“Sub-Financing Agreements”), on terms and conditions satisfactory to the Association, which shall include terms and conditions set forth in the Operations Manual, to make agreed parts the proceeds of the Financing available to said Eligible Beneficiaries in accordance with Section I.C of Schedule 2 to this Agreement; and (ii) except as the Association shall otherwise agree, not assign, amend, abrogate or waive any such Sub-Financing Agreements; as further detailed in the Operations Manual and in accordance with Section I.C of this Schedule.

Independent Verification Agent

7. For purposes of and prior to implementing results-based activities under Part 1.3 and 2.1 of the Project, the Recipient shall not later than six (6) months from the Effective Date, or any other date the Association may agree, appoint an independent verification agent, with qualifications, experience and under terms of reference acceptable to the Association, and in accordance with the Procurement Regulations.

Prerequisites under Part 1.2(a) of the Project

8. Prior to the carrying out of any activity under Part 1.2(a) of the Project, the Recipient shall no later than six (6) months after the Effective Date, or any later date agreed upon in writing with the Association: (a) cause the FDTIC to have published its latest annual report and audited financial accounts; and (b) cause ARTEC to have issued a draft directive on national roaming incorporating comments following stakeholder consultations; both in a manner, form and substance satisfactory to the Association.

B. Operations Manual.

1. The Recipient shall adopt and thereafter maintain the Operations Manual, and shall carry out, and cause the Fund Manager to carry out, the Project in accordance with the requirements set forth in the Operations Manual. The Operations Manual shall set out detailed guidelines, methods and procedures for the implementation of the Project, including: (a) the different roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration between various Project stakeholders; (b) budget and budgetary control; (c) flow of funds, disbursement procedures and banking arrangements; (d) financial, procurement and accounting procedures; (e) internal control procedures; (f) accounting system and transaction records; (g) reporting requirements; (h) external audit and independent verification arrangements; (i) corruption and fraud mitigation measures; (j) environmental and social aspects, including a detailed description of the grievance mechanism process as well as any process for recording and reporting Project-related accidents and incidents; (k) detailed procedures, eligibility, selection/eligibility criteria, contractual arrangements and flow of funds for Sub-Financings, including relevant template Sub-Financing Agreements for Part 2.3 of the Project; (l) detailed procedures for the selection and operationalization of the Fund Manager and activities carried out for purposes of Part 1.3 and 2.1 of the Project; (m) monitoring and evaluation arrangements; (n) modalities for handling Personal Data in accordance with good international practice; and (o) such other arrangements and procedures as shall be required for the effective implementation of the Project.

2. For purposes of implementation of Parts 1.2(a), 1.3, 2.1 and 2.3(b)(ii) of the Project, the Recipient shall adopt, or cause the Fund Manager to adopt, as part of an update to the Operations Manual, specific subject-matter manuals covering eligibility criteria, selection and procedures for purposes of operationalization of the Fund Manager activities under Parts 1.3 and 2.1 of the Project and payment of Smart Subsidies under Parts 1.2(a) and 2.3(b)(ii) of the Project, as such Operations Manual updates shall include relevant template Sub-Financing Agreements, and be in form and substance acceptable to the Association and thereafter be considered as part of the Operations Manual (respectively “Commercial Transactions Manual” and “Fund Manager Manual”).
3. The Recipient shall not assign, amend, abrogate or waive any provision of the Operations Manual without prior written approval of the Association.
4. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Sub-Financings

1. To facilitate the carrying out of Parts 1.2(a), 1.3(a), 2.1(a) and 2.3(b) of the Project, the Recipient shall, through the PCU, extend PBF Grants under Part 2.3 of the Project and Smart Subsidies, and cause the Fund Manager to extend Catalytic Grants, PBF Grants under Parts 1.3 and 2.1 of the Project, Sub-Loans and Viability Gap Funding Grants (collectively “Sub-Financings”) to Eligible Beneficiaries for the financing of costs associated with a defined set of activities (each a “Financial Sub-Project”), in accordance with transparent eligibility criteria and procedures, using qualified evaluators, and under terms and conditions acceptable to the Association and further described in the Operations Manual.
2. Each Sub-Financing shall be extended pursuant to an agreement (each a “Sub-Financing Agreement”) to be entered into between the Recipient (through the PCU or the Fund Manager respectively) and the relevant Eligible Beneficiary, on the basis of the model template agreement included in the Operations Manual, which shall, *inter alia*, include the following provisions:
 - (a) the Eligible Beneficiary shall carry out the Sub-Financing with due diligence and efficiency in accordance with appropriate administrative, financial, technical, engineering and environmental standards, including local and national environmental requirements, acceptable to the Association, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the Operations Manual and the ESCP;

- (b) the Eligible Beneficiary shall provide, promptly as needed, the resources required for the purpose, if any;
 - (c) the Eligible Beneficiary shall procure the goods, works and services to be financed out of the Sub-Financing in accordance with the provisions of this Agreement, ensure that Financial Sub-Project does not finance any Excluded Activities, and use such goods, works and services exclusively for the carrying out of the Financial Sub-Project concerned;
 - (d) the Eligible Beneficiary shall maintain policies and procedures, adequate to enable the Recipient, acting through the PCU or the Fund Manager, as applicable, to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under the Sub-Financing and the achievement of its objectives;
 - (e) the Eligible Beneficiary shall: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities carried out under the Project; and (ii) at the PCU's, the Fund Manager's, 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, and furnish promptly to the PCU, the Fund Manager as applicable, the Recipient and the Association the financial statements as so audited;
 - (f) the Eligible Beneficiary shall enable the PCU, the Fund Manager, the Recipient and the Association to inspect the activities carried out under the Sub-Financing, its operation and any relevant records and documents and prepare and furnish to the PCU, the Fund Manager, the Recipient and the Association all such information as they shall reasonably request relating to the foregoing; and
 - (g) the Recipient, acting through the PCU or the Fund Manager, as applicable, shall have the right to suspend or terminate the right of the Eligible Beneficiary to use the proceeds of the Sub-Financing, or obtain a refund of all or any part of the amount of the Sub-Financing then withdrawn, upon the Eligible Beneficiary's failure to perform any of its obligations under the Sub-Financing Agreement.
3. Notwithstanding and in addition to the above, for purposes of Sub-Loans, the Recipient shall cause the Fund Manager to, unless otherwise agreed with the Association: (a) recover refinanced Sub-Loans from Eligible Beneficiaries at the latest before the Closing Date; (b) refund to the Recipient said recovered funds, in

accordance with the Operations Manual; (c) refund to the Association any unused amounts prior to the Closing Date; (d) cause, through Sub-Financing Agreements, any eligible financial, including micro-finance, institution to use the proceeds of the Sub-Loans in accordance with the terms of this Agreement, and cause end beneficiaries of further on-lending using Financing proceeds to do the same through adequate contractual arrangements; and (e) take any and all measures to ensure that any Sub-Loan may be subject to meaningful ex post review by the Association to verify compliance with the requirements set forth in this Agreement.

4. The Recipient shall, and shall cause the Fund Manager to, exercise its rights and carry out its obligations under each Sub-Financing 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, and shall cause the Fund Manager not to, assign, amend, abrogate or waive any of the Sub-Financing Agreements or any of their provisions.

D. Environmental and Social Standards.

1. The Recipient shall, and shall cause the Fund Manager to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Fund Manager to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Fund Manager to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall, and shall cause Fund Manager to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including workplace accidents that result in death, serious or multiple injury, pollution, or any violent labor unrest or dispute between the Recipient or security forces assigned to the Project and local communities, or any case of sexual exploitation and abuse, sexual harassment and violence against minors, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Recipient shall, and shall cause the Fund Manager to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
7. The Recipient shall, and shall cause the Fund Manager to, ensure that all bidding documents and contracts for civil works under the Project include the obligation

of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Annual Work Plans and Budgets

1. Each year, the Recipient shall:
 - (a) 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, setting forth, *inter alia*: (i) a detailed description of planned Project activities for the following Fiscal Year; (ii) the sources and uses of funds therefor; and (iii) responsibility for execution of said Project activities, budgets, start and completion date, outputs, and monitoring indicators to track progress of each activity;
 - (b) furnish to the Association, as soon as available, but in any case not later than November 30 of each year, the annual work plans and budgets approved by the Steering Committee, for the Association's review and approval. 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; and
 - (c) ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets (provided, however, that in the event of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail).
2. 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 method 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.
3. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior approval.

F. Contingent Emergency Response Component

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Component”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Component, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Component; (ii) specific activities which may be included in the Contingent Emergency Response Component, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Component; (iv) procurement methods and procedures for the Contingent Emergency Response Component; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Component; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Contingent Emergency Response Component is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Component, with adequate staff and resources satisfactory to the Association.
3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Component are prepared, disclosed and adopted in

accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and

- (b) the Contingent Emergency Response Component is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Component shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring, Reporting and Evaluation

- 1. 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.
- 2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

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 finance Eligible Expenditures, in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) (a) Goods, works, non-consulting services, consulting services, Operating Costs, Training under Parts 1.1, 2.2, 2.3(d) and 2.3(e) of the Project	33,380,000	100%

(b) Sub-Financings (PBF Grants) under Part 2.3(b)(i) of the Project	5,930,000	
(2) Goods, works, non-consulting services, consulting services, Operating Costs, Training under Parts 1.2(c), 3 and 4 of the Project	31,150,000	100%
(3) (a) Sub-Financings (Smart Subsidies) under Part 1.2(a) and 2.3(b)(ii) of the Project (b) Goods, works, non-consulting services, consulting services, Operating Costs and Training under Parts 1.2(b), 2.3(a) and 2.3(c) of the Project	50,440,000 31,150,000	100%
(4) (a) Sub-Financings (Catalytic Grants, Line of Credit, PBF Grants, Viability Gap Funding Grants) under Parts 1.3(a) and 2.1(a) of the Project (b) Goods, non-consulting services, consulting services, Operating Costs, Training under Parts 1.3 and 2.1 of the Project	137,230,000 7,420,000	100%
(5) Emergency Expenditures under Part 5	0	100%
TOTAL AMOUNT	296,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, 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 one million five hundred thousand United States Dollars (\$1,500,000) may be made for payments made prior to this date but on or after February 22, 2023, for Eligible Expenditures under Categories (1) through (4);
- (b) under Category (1), the Recipient shall have prepared the Operations Manual for the Project, in form and substance acceptable to the Association and in accordance with Section I.B of Schedule 2 to this Agreement;
- (c) under Category (3)(a) and (b), until and unless the Recipient has adopted the Commercial Transactions Manual in form and substance satisfactory to the Association;
- (d) under Category (4)(a) and (b), until and unless the Recipient has: (i) adopted the Fund Manager Manual in form and substance satisfactory to the Association; (ii) recruited a Fund Manager in accordance with the Procurement Regulations, and based on terms of reference, experience and qualifications satisfactory to the Association; (iii) caused said Fund Manager to establish and operationalize an ESMS satisfactory to the Association, in accordance with the ESCP; and (iv) demonstrated to the satisfaction of the Association that said Fund Manager has arrangements in place in form and substance satisfactory to the Association, including acceptable governance, institutional and fiduciary capacity, operational guidelines and commercial and financial practices; or
- (e) under Category (5), until and unless all of the following conditions have been met in respect of said expenditures, namely that: (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (5); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and (B) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is March 31, 2028.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing May 15, 2029 to and including May 15, 2034	8.33334%
on November 15, 2034	8.33326%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to renumbered Section 3.03(b) (originally numbered Section 3.05(b)) of the General Conditions.

APPENDIX

Section I. Definitions

1. “ADER” means *Agence de Développement de l'Electrification Rurale*, the Recipient’s rural electrification agency.
2. “Annual Work Plans and Budgets” and the singular thereof mean the annual work plans and budgets for the Project, referred to in Section I.E of Schedule 2 to this Agreement.
3. “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.
4. “ARELEC” means *Autorité de Régulation de l'Electricité*, the Recipient’s regulatory authority for electricity, as successor to the Recipient’s *Office de Régulation de l'Electricité*.
5. “ARTEC” means *Autorité de Régulation des Technologies de Communication*, the Recipient’s regulatory authority for communication technologies.
6. “BNGRC” means *Bureau National de Gestion des Risques et des Catastrophes*, the Recipient’s national risk and disaster management office.
7. “Catalytic Grants” means, for purposes of Part 2.1(a)(ii) of the Project, conditional performance-based cash grants paid through the Fund Manager to Eligible Beneficiaries on the basis of a Sub-Financing Agreement, to support business expansion or test new approaches and business models, including the purchase of eligible OGS productive use equipment, under modalities, procedures, amounts and selection criteria acceptable to the Association, further set out in the Operations Manual and in accordance with Section I.C of Schedule 2 to this Agreement.
8. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
9. “CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Operational Manual.
10. “Commercial Transactions Manual” means the portion of the Operations Manual governing Smart Subsidies under Parts 1.2 and 2.3 of the Project, and referred to in Section I.B.2 of Schedule 2 to this Agreement.

11. “Contingent Emergency Response Component” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.
12. “Digital Services” means both carrier services (e.g., voice, text and data) and complementary or additional related services and applications (e.g., e-government, e-commerce or mobile money).
13. “Eligible Beneficiaries” means the following: (a) for purpose of Catalytic Grants, recipients of PBF Grants following innovative business models and approaches and introducing new technologies and products, and local providers not otherwise eligible to Sub-Loans; (b) for purposes of PBF Grants, eligible private sector energy service providers, including mini-grid developers, and distributors of OGS products, digital devices and productive equipment and appliances; (c) for purposes of Smart Subsidies, eligible private sector mobile operators and broadband infrastructure service providers; (d) for purposes of Sub-Loans, eligible OGS distributors, mini-grid developers, decentralized renewable energy companies, and financial institutions (including micro-finance institutions) financing OGS products; and (e) for purposes of Viability Gap Funding Grants, eligible mini-grid developers; as all such Eligible Beneficiaries shall be selected using transparent and objective eligibility criteria and procedures, using qualified evaluators, operating in good standing on the Recipient’s territory, and identified under terms and conditions acceptable to the Association, and further set out in the Operations Manual. “Eligible Beneficiary” means the singular thereof and designates as justified in context the Eligible Beneficiary of any Sub-Financing.
14. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
15. “Emergency Action Plan” means the plan referred to in Section I.F.1 of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
16. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.F. of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
17. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 23, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes

of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

18. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
19. “ESMS” means the environmental and social management system of the Fund Manager to identify, assess and manage the environmental and social risks and impacts under the relevant activities under Parts 1.3 and 2.1 of the Project, in compliance with the ESSs, as referenced in the ESCP.
20. “EU AfricaConnect 3” means a support program from the European Union, to encourage enhanced connectivity and collaboration among African national research and education networks.
21. “Excluded Activities” means the list of activities not eligible for financing under the Project, as said list is set forth in the Operations Manual.
22. “FDTIC” means *Fonds pour le développement des technologies de l’information et de la communication*, the Recipient’s ICT development fund.
23. “Financial Sub-Project” means a set of activities under a Sub-Financing.
24. “Fund Manager” means an independent firm selected by the Recipient in accordance with the Procurement Regulations, to manage Parts 1.3 and 2.1 of the Project, and referred to in Section I.A.6 of Schedule 2 to this Agreement.
25. “Fund Manager Manual” means the portion of the Operations Manual governing activities to be carried out by the Fund Manager under Parts 1.3 and 2.1 of the Project, and referred to in Section I.B.2 of Schedule 2 to this Agreement.

26. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022), with the modifications set forth in Section II of this Appendix.
27. “ICT” means information and communication technologies.
28. “IRENALA” means the Recipient’s national research and education network.
29. “JIRAMA” means *Jiro sy rano Malagasy*, the Recipient’s state-owned electricity and water service provider established and operating pursuant to ordinance No. 75-024 of October 17, 1975.
30. “Line of Credit” means the Eligible Expenditure for purposes of Sub-Loans, as such Line of Credit shall provide, through the Fund Manager, financing for goods, works, non-consulting and consulting services, Operating Costs and Training, to selected and eligible decentralized renewable energy companies operating in the Recipient’s territory, and be under modalities, procedures, financial terms and conditions acceptable to the Association and further set out in the Operations Manual.
31. “Ministry of Digital and Telecoms” means *Ministere du Developpement Numérique, de la Transformation Digitale, des Postes et des Télécommunications*, the Recipient’s ministry in charge of digital transformation and telecommunications, or its legal successor thereto.
32. “Ministry of Energy” means *Ministère de l’Energie et des Hydrocarbures*, the Recipient’s ministry in charge of energy, or its legal successor thereto.
33. “OGS” means off-grid solar.
34. “Operating Costs” means the reasonable incremental operating expenses, based on Annual Work Plans and Budgets approved by the Association, incurred by the Project on account of the Project implementation, management and monitoring, including operation and maintenance costs of office, vehicle operation and maintenance costs, office equipment, water and electricity utilities, telephone, office supplies, bank charges, communication charges, travel and supervision costs, *per diem*, but excluding the salaries of officials and public servants of the Recipient's civil service.
35. “Operations Manual” means the manual for the Project referenced in Section I.B.2 of Schedule 2 to this Agreement, as such manual shall include the Commercial Transactions Manual and the Fund Manager Manual once adopted by the Recipient in accordance with said Section I.B.2.

36. “PBF Grants” means performance-based cash grants to Eligible Beneficiaries under Parts 1.3(a)(ii), 2.1(a)(i) and 2.3(b)(i) of the Project, which for purposes of Part 2.1(a) shall also include additional Catalytic Grants, as payment thereof shall be made through the Fund Manager on the basis of a Sub-Financing Agreement, to incentivize mini-grid connections or access to OGS home systems, digital devices or appliances, under terms and conditions further set out in the Operations Manual and Section I.C of Schedule 2 to this Agreement.
37. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
38. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
39. “Project Coordination Unit” and the acronym “PCU” mean the coordination unit for the Project, as referenced in Section I.A.4 of Schedule 2 to this Agreement.
40. “Project Steering Committee” means the steering committee for the Project, as referenced in Section I.A.2 of Schedule 2 to this Agreement.
41. “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.
42. “Smart Subsidies” means, for purposes of Parts 1.2(a) and 2.3(b)(ii) of the Project, competitively tendered one-time payments to Eligible Beneficiaries on the basis of a Sub-Financing Agreement, to support the purchase of eligible digital connectivity and OGS goods, works and services, under long-term supply agreements, aimed at bridging the financing gap to cost-effectively purchase, deploy and/or maintain related infrastructure and services, as such Smart Subsidies shall be allocated for sites and under modalities, procedures, amounts and selection criteria acceptable to the Association, further set out in the Operations Manual.
43. “Sub-Financing Agreement” means an agreement between the Recipient, through the PCU or the Fund Manager as relevant, for purposes of the payment of a Sub-Financing.

44. “Sub-Financings” means Catalytic Grants, PBF Grants, Smart Subsidies, Sub-Loans and Viability Gap Funding Grants, collectively. “Sub-Financing” means the singular thereof and may refer to any type of Sub-Financings listed herein as justified in context.
45. “Sub-Loans” means payments out of a Line of Credit, made through the Fund Manager, on market terms and on a repayable basis, under Part 1.3(a)(iii) or 2.1(a)(i) of the Project to Eligible Beneficiaries, on the basis of a Sub-Financing Agreement, to incentivize mini-grid connections or access to OGS home systems, digital devices or appliances, under terms and conditions further set out in the Operations Manual and Section I.C of Schedule 2 to this Agreement.
46. “Technical Committee” means the technical committee for the Project, referenced in Section I.A.3 of Schedule 2 to this Agreement.
47. “Training” means the reasonable cost of training under the Project, based on the Annual Work Plans and Budgets approved by the Association, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.
48. “Transaction Advisor” means the consultant to be recruited by the PCU in accordance with the Procurement Regulations, with terms of reference, qualifications and experience satisfactory to the Association, for purposes of assisting the PCU in drafting terms of reference acceptable to the Association towards the recruitment of the Fund Manager, as such Transaction Advisor is referred to in Section I.A.6 of Schedule 2 to this Agreement.
49. “Verification Agent” means the independent verification agent to be recruited by the Recipient in accordance with Section I.A.7 of Schedule 2 to this Agreement.
50. “Viability Gap Funding Grants” means, for purposes of Part 1.3(a)(i) of the Project, cash grants paid through the Fund Manager, to Eligible Beneficiaries on the basis of a Sub-Financing Agreement, covering the difference between the cost of installation, operation and maintenance of mini-grids and their servicing to end consumers (including adequate margins), and the tariffs charged to said end consumers, under modalities, procedures, amounts and selection criteria acceptable to the Association, further set out in the Operations Manual.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.03 (Service Charge) and Section 3.04 (Interest Charge) are deleted in their entirety and the remaining Sections in Article III are renumbered accordingly, and all references to the Sections of Article III in any provision of the General Conditions are understood to be to such renumbered Sections.
2. Paragraph 66 (Interest Charge) in the Appendix is modified to read as follows:
“66. “Interest Charge” means the interest charge for the purpose of Section 3.07.”
3. Paragraph 100 (Service Charge) in the Appendix is deleted in its entirety and the subsequent paragraphs are renumbered accordingly, and any reference to “Service Charge” or “Service Charges” in any provision of the General Conditions is deleted.