

**CONFORMED COPY**

**CREDIT NUMBER 4411-MAG**

# **Financing Agreement**

**(Second Governance and Institutional Development Project)**

**between**

**REPUBLIC OF MADAGASCAR**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 15, 2008**

**CREDIT NUMBER 4411-MAG**

**FINANCING AGREEMENT**

AGREEMENT dated July 15, 2008, 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 four million three hundred thousand Special Drawing Rights (SDR 24,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 1 and August 1 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 the Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 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 — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The legislation pertaining to COS, BdG, RCU, or any other entity involved in the implementation of the Project or the Program, or any text pertaining to its operation, shall have been breached or shall have been amended, suspended, abrogated, repealed or waived so as to affect its ability to implement the Project or perform any of its obligations under this Agreement.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has adopted the PIM, in form and substance satisfactory to the Association.
  - (b) The Recipient has employed the independent external auditors referred to in Section 4.09 (b) of the General Conditions.
  - (c) The Recipient has established RCU with form and functions satisfactory to the Association and caused RCU to employ the following staff with qualifications and experience satisfactory to the Association: a reform coordinator and at least two dedicated technical officers.



AGREED at Antananarivo, Republic of Madagascar, as of the day and year first above written.

**REPUBLIC OF MADAGASCAR**

**By:** **/s/ Haja Nirina Razafinjatovo**  
**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By:** **/s/ Robert R. Blake**  
**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the efficiency and transparency of government and selected public services in Madagascar in line with the MAP.

The Project consists of the following parts:

#### **Part 1 – Improvement of public expenditure management**

- (a) Improving budget preparation and execution processes, by: introducing program budgets; simplifying procedures; strengthening capacity of Sector Ministries in planning, monitoring and evaluation of annual budget; harmonizing the existing dual-budget system; deploying an integrated financial management system, including at the regional level, building capacity of regional administrations; and rationalizing public investment process, all through the provision of goods, services, small rehabilitation works, Operating Costs and training.
- (b) Strengthening internal control mechanisms, by: improving operational efficiency of oversight and control institutions, such as IGE, CDE, BVIT and the CDFB, all through the provision of goods, services, small rehabilitation works and training.
- (c) Institutionalizing public procurement reforms, through: capacity building within ARMP and procurement units in Sector Ministries; monitoring of regulatory and institutional compliance; improving transparency and accountability of public procurement processes, and improving monitoring by civil society, media and Parliament, all through the provision of goods, services, small rehabilitation works and training.
- (d) Increasing performance of revenue agencies by: modernizing the Customs and Tax Directorates (procedures, institutional set-up and management system), all through the provision of goods, services, small rehabilitation works and training.

#### **Part 2 – Strengthening the efficiency of government operations**

- (a) Improving “change management”, capacity and leadership quality, in particular in the President’s Office, the Prime Minister’s Office and the ministries in charge of education, health, transport and public works, through the implementation of capacity building activities for the mid-management levels; the development of innovative change management methodologies; and the strengthening of NLIM

(such as the development of a fundraising strategy, curricula and training programs), all through the provision of goods, services, small rehabilitation works, training and Operating Costs for NLIM.

- (b) Strengthening management capacity in the ministries in charge of planning, education, health, transport, public works, and agriculture to implement and monitor reforms outlined in the MAP, all through the provision of goods, services, small rehabilitation works and training.
- (c) Strengthening local training institutions in the areas of public finance management, public procurement, general administration, monitoring and evaluation, legal and judicial reforms, including: (i) ENAM and CNFA (refinement of curricula and training material, qualification of trainers, modernization of training equipment and facilities); (ii) ENMG (capacity building in legal and judicial reforms; modernization of training equipment and facilities); and (iii) GDLN (development of training programs and Operating Costs on a decreasing basis – 80% during the first year of the Project to be reduced by 20% each subsequent year), all through the provision of goods, services, small rehabilitation works, training and Operating Costs for GDLN.
- (d) Supporting cross-cutting reforms including: (i) development of a consistent regulatory and institutional framework for decentralization, including an adequate administrative and procedural framework to integrate de-concentrated services of central government with regional administration; and (ii) reform of the public sector pay and incentive system, including the development of a comprehensive reform strategy and the evaluation of macro-economic impacts of intended reforms, all through the provision of goods, services and training.

### **Part 3 - Rule of law and fight against corruption**

- (a) Improving the quality of legal and judicial services by the Ministry of Justice's deployment and enforcement of service standards within the court system and strengthening internal control and oversight mechanisms, all through the provision of goods, services, small rehabilitation works and training.
- (b) Strengthening the regulatory and institutional framework to fight corruption, consisting of further strengthening the Anti-Corruption Bureau and the Anti-Corruption Commission including the establishment of offices of the Anti-Corruption Bureau in the regions; introducing a comprehensive procedural and institutional framework to address conflict-of-interest in the public sector and at the level of elected officials; developing monitoring instruments to establish and track baseline information about the incidence of corruption; improving the

mobilization of non-state actors in the fight against corruption, by reviewing and liberalizing public disclosure policy and regulations; and establishing an Economic Crimes Unit to strengthen investigative capacity and to complement activities of the Anti-Corruption Bureau, all through the provision of goods, services, small rehabilitation works, training and Operating Costs for the Anti-Corruption Bureau and the Economic Crimes Unit.

- (c) Enhancing the capacity of external oversight institutions and mechanisms, including the Auditor General and Parliament, all through the provision of goods, services, small rehabilitation works and training.

#### **Part 4 – Transparency and social accountability**

- (a) Piloting social accountability interventions to enhance state-civil society synergy with regard to improving local governance and maximizing positive social impact, including to: (i) strengthen transparency in the allocation and use of local revenues generated by mining investments in Fort Dauphin and Moramanga; (ii) strengthen transparency in the allocation and use of local revenues generated by tourism investments in Nosy Be and (iii) promote other social accountability pilot activities with a focus on improving local oversight in the environment sector, quality of municipal services and monitoring service standards at the lower courts level, all through the financing of Social Accountability Grants, Operating Costs for the Social Accountability Grant Administrator, services and training.
- (b) Fostering an enabling environment for social accountability practices by: improving regulations governing access to information, the distribution of information to the general public, and the protection of civil society groups' and associations' activities; and carrying out a mapping exercise of non-state actors, in particular watchdog/advocacy groups at the national and local levels, all through the provision of services and training.
- (c) Building the capacity of civil society and governmental actors in the field of social accountability to enhance communication, facilitation and group decision making skills, all through the provision of services and training.
- (d) Monitoring social accountability activities, including information on access to information on budget resources or mining royalties at the local level and follow-up surveys, all through the provision of services.



**Part 5 – Monitoring and evaluation**

- (a) Strengthening capacity of INSTAT and modernizing the procedural and institutional framework for monitoring and evaluation in Madagascar, through the provision of services, goods, small rehabilitation works, training and Operating Costs for INSTAT.
- (b) Contributing to the design and implementation of a new population census that covers at least 10 percent of the country, through the provision of services, goods and Operating Costs for INSTAT.

**Part 6 – Project implementation**

- (a) Support for management, supervision, and monitoring and evaluation, of the Project, including provision of technical advisory services, training, acquisition of equipment, and financing of Operating Costs of BdG and RCU.
- (b) Financing of a limited number of government staff's salaries until December 31, 2009, namely trainers for local training institutions and technical specialists into the President's Office, the Prime Minister's Office, the Economic Crimes Unit and the INSTAT.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation arrangements**

##### **A. Institutional Arrangements**

The Recipient shall,

1. appoint a CG with qualifications and experience satisfactory to the Association with terms of reference satisfactory to the Association, who shall report to the Secretary of Planning of the Recipient's Office of the President, to be responsible for the overall management of the Project;
2. maintain, at all times during the execution of the Project:
  - (a) the COS and CR, whose mandate, terms of reference and composition and resources shall be acceptable to the Association, to provide guidance and exercise general oversight functions in the course of implementation of the Project, including the approval of Annual Work Programs, assist in the decision-making process, and facilitate timely implementation of the Project;
  - (b) the BdG, whose mandate, terms of reference and composition and resources shall be acceptable to the Association, to be responsible for the day-to-day execution of the Project, including management of disbursement activities, maintenance of records and accounts; procurement, consolidation of Annual Work Programs and budgets, and preparation and production of annual progress reports and financial statements, and monitoring and evaluation; and
  - (c) RCU, whose mandate, terms of reference and composition and resources shall be acceptable to the Association, to be responsible for preparation and the day-to-day supervision of the implementation of an annual work program under Part 1 of the Project, as approved by BdG in the conditions set forth in Section I.D of this Schedule; and
3. ensure that, at all times during the execution of the Project:

- (a) BdG shall employ a chief accountant, a procurement specialist, and other suitably qualified and experienced staff in adequate numbers;
  - (b) the positions of CG, chief accountant and procurement specialist referred to in this paragraph shall be kept filled at all times by persons having qualifications and experience acceptable to the Association; and
  - (c) RCU shall employ a reform coordinator and other suitably qualified and experienced staff in adequate numbers.
4. Strengthen capacity within RCU and INSTAT in the field of project management, in particular on financial management and disbursement procedures, and consult with the Association no later than December 31, 2009, on the possibility to transfer financial management, disbursement and procurement activities under Parts 1 and 5 of the Project to RCU and INSTAT, subject to the written approval of the Association.

**B. Manual**

The Recipient shall implement the Project in accordance with the PIM, and except as the Recipient and the Association shall otherwise agree in writing, the Recipient shall not amend or waive any provision thereof.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Social Accountability Grants**

- 1. The Recipient shall make Social Accountability Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association,
- 2. The Recipient shall make each Social Accountability Grant under a Social Accountability Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, adequate to protect its interests and those of the Association, which shall include the right to:
  - (a) suspend or terminate the right of the Beneficiary to use the proceeds of the Social Accountability Grant, or declare to be immediately due and

payable all or any part of the amount of the Social Accountability Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Social Accountability Grant Agreement;

- (b) require each Beneficiary to carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
- (c) require each Beneficiary to provide, promptly as needed, the resources required for the purpose;
- (d) require each Beneficiary to procure the goods, works and services to be financed out of the Social Accountability Grant in accordance with the provisions of this Agreement;
- (e) require each Beneficiary to maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;
- (f) require each Beneficiary to: (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 Sub-project; and (ii) at the Association's or the Recipient'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 promptly furnish the statements as so audited to the Recipient and the Association;
- (g) require each Beneficiary to enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and
- (h) require each Beneficiary to prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights under each Social Accountability Grant 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 assign, amend, abrogate or waive any Social Accountability Grant Agreement or any of its provisions.

**E. Annual Work Programs**

1. The Recipient shall ensure that at all times during the execution of the Project,
  - (a) RCU and INSTAT shall prepare and submit to BdG no later than October 15 of each year an annual work program describing a set of activities to be carried out in connection with activities under Part 1 of the Project during the subsequent year, including budget and implementation arrangements for said activities;
  - (b) BdG shall no later than October 31 of each year: (i) review the work program submitted by RCU and INSTAT; (ii) prepare a consolidated annual work program describing a set of activities to be carried out under the Project during the subsequent year, including budget and implementation arrangements for said activities; and
  - (c) BdG shall no later than November 30 prepare and furnish to the Association for review the Annual Work Plan, in accordance with guidelines satisfactory to the Association.
2. The Recipient shall thereafter cause RCU, INSTAT and BdG to carry out such Annual Work Programs as shall have been approved by the Association in a manner satisfactory to the Association.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the

Association not later than 45 days after the end of the period covered by such report.

- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
- by the end of the Project, at least 85% of public bids are awarded through a competitive and transparent process;
  - by the end of the Project, the execution rate of recurrent and investment budget is at least 90%;
  - by the end of the Project, the tax/growth domestic product ratio has increased to more than 13%;
  - by the end of the Project, the user's satisfaction rate based on independent users' surveys with (a) the land titling agency in Antananarivo has increased from 58% to 85%; (b) the customs office in Tamatave has increased from 27% to 80%; and (c) the lower court in Antananarivo has increased; and
  - by the end of the Project, the proportion of average available income paid by household for accessing public services has decreased from 3.1% to 2%.

**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. The Recipient shall prepare and furnish to the Association as part of the Project Report, 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. 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**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing including non-consulting services related to the deployment of information technology systems shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' 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 Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Direct Contracting
(c) Shopping

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Least-Cost Selection
(b) Selection Based on Consultant's Qualifications
(c) Single Source Selection

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**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:



<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works and consultants' services for the Project, and Training	20,400,000	100%
(2) Goods and services under Social Accountability Grants	1,000,000	100%
(3) Operating Costs	1,700,000	85%
(4) Unallocated	1,200,000	
<b>TOTAL AMOUNT</b>	<b>24,300,000</b>	

**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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 600,000 may be made for payments made prior to this date but on or after January 1, 2008, for Eligible Expenditures under Categories 1 and 3; and
  - (b) a Social Accountability Grant under Category (2) unless: (i) the Social Accountability Grant Administrator has been recruited; and (ii) the Social Accountability Grant has been made in accordance with the criteria and on terms and conditions set forth or referred to in the PIM and the provisions of Section I.D of Schedule 2 to this Agreement.
2. The Closing Date is August 31, 2012.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit Repayable (expressed as a percentage)*</b>
On each February 1 and August 1	
commencing August 1, 2018 to and including February 1, 2028	<b>1</b>
commencing August 1, 2028 to and including February 1, 2048	<b>2</b>

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

## APPENDIX

### Section I. Definitions

1. “Annual Work Programs” means the annual work program to be prepared by BdG referred to in Section I.A(b) of Schedule 2 to this Agreement.
2. “Anti-Corruption Bureau” means *Bureau Indépendent Anti-Corruption*, the independent Anti-Corruption Bureau established and operating pursuant to article 1 of the decree n° 2004-937, of October 5, 2004.
3. “Anti-Corruption Commission” means *Comité pour la Sauvegarde de l’Intégrité*, the independent Anti-Corruption Commission established and operating pursuant to article 1 of the decree n° 2006-207, of March 21, 2006.
4. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
5. “ARMP” means *Autorité de Régulation des Marchés Publics*, the national Procurement Oversight Authority established and operating pursuant to article 1 of the decree n° 2005-215, of May 03, 2005.
6. “Auditor General” means the Recipient’s external control mechanism, the *Cour des Comptes*.
7. “Beneficiary” means any entity, group or organization for which a Social Accountability Grant is financed or proposed to be financed out of the proceeds of the Credit pursuant to a Social Accountability Grant Agreement under the conditions set forth in the PIM and in Section I.D of Schedule 2 to this Agreement.
8. “BdG” means *Bureau de Gestion*, the national project bureau operating under the supervision of PREA (as hereinafter defined) and responsible for management and supervision of the Project.
9. “BVIT” means *Brigade de Vérification et d’Inspection du Trésor* within the Ministry of Finance and Budget.

10. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
11. “CDE” means *Contrôle des Dépenses Engagées*, an organ of the Recipient’s Ministry of Finance and Budget responsible for financial control.
12. “CDFB” means *Conseil de Discipline Financière et Budgétaire* of the Recipient.
13. “CG” means *Coordonnateur Général*, the General Coordinator of PREA (as hereinafter defined), as established pursuant to decree no. 2005-803, of November 23, 2005.
14. “CNFA” means *Centre National de Formation Administrative*, the Recipient’s National Center for Administrative Training.
15. “COS” means *Conseil d’Orientation et de Suivi*, the Oversight Committee of PREA (as hereinafter defined), established pursuant to decree no. 2005-803, of November 23, 2005.
16. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
17. “CR” means *Comité Restreint*, the Standing Committee of PREA (as hereinafter defined), established pursuant to decree no. 2005-803, of November 23, 2005.
18. “Customs Directorate” means the Recipient’s administrative service for the regulation and administration of import and exports.
19. “Economic Crimes Unit” means the *Service de Renseignement Financier* unit established and operating pursuant to decree n° 2007-510, of June 5, 2007.
20. “ENAM” means *Ecole Nationale de l’Administration de Madagascar*, the Recipient’s National School of Administration.
21. “ENMG” means *Ecole Nationale de la Magistrature et des Greffes*, the Recipient’s National School for Magistrates and Clerks of the Court.
22. “Fiscal Year” means the Recipient’s fiscal year beginning on January 1 in any one calendar year and ending on December 31 in the same calendar year.

23. “GDLN” means the Global Development Learning Center, established by its General meeting dated June 30, 2004, and operating pursuant to its bylaws of the same date.
24. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
25. “IGE” means *Inspection Générale de l’Etat*, an internal audit inspectorate attached to the Recipient’s Office of the President.
26. “INSTAT” means *Institut National de la Statistique*, the Recipient’s National Statistics Office.
27. “MAP” means Madagascar Action Plan, the Recipient’s development strategy for the years 2007 – 2012.
28. “NLIM” means the National Leadership Institute of Madagascar.
29. “Operating Costs” means the incremental expenses incurred by BdG, RCU, INSTAT, GDLN, the Economic Crimes Unit and the Anti-Corruption Bureau and the Grant Administrator on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, per diem, supervision costs and salaries of locally contracted staff, including – until December 31, 2009 – salaries of the civil servants of the Recipient under Part 6 (b) of the Project.
30. “Parliament” means the Recipient’s National Assembly and Senate.
31. “PIM” means the Project Implementation Manual outlining, *inter alia*, the institutional, procurement, financial management, monitoring and other specific arrangements for the implementation of the Project, including procedures and criteria for activities eligible for financing based on Beneficiaries’ requests, to be adopted by the Recipient pursuant to Article 5.01 (a) of this Agreement, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM.
32. “PREA” means *Programme de Réformes pour l’Efficacité de l’Administration*, the public sector reform and governance program, adopted by the Recipient on November 23, 2005 by decree no. 2005-803, of November 23, 2005.

33. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
34. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 18, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
35. "RCU" means the Reform Coordination Unit established under the Recipient's Ministry of Finance and Budget.
36. "Regions" means the Recipient's sub-national level of government below the central government.
37. "Sector Ministries" means the Recipient's government departments.
38. "Social Accountability Grants" means the grants made, or to be made, out of the proceeds of the Credit, to finance a Sub-project.
39. "Social Accountability Grant Administrator" means the entity satisfactory to the Association to be recruited and to act as implementing agency for the Social Accountability Grants.
40. "Social Accountability Grant Agreement" means the agreement to be entered into between the Recipient and a Beneficiary for the purpose of extending a Social Accountability Grant to the said Beneficiary.
41. "Sub-project" means specific activities financed or to be financed through a Social Accountability Grant made under Part 4(a) of the Project.
42. "Tax Directorate" means the Recipient's administrative service for the regulation and administration of taxes.
43. "Training" means the expenses incurred on per diem, travel, purchase of training materials and rental of facilities, and includes workshops and seminars.