
Co-Financing Agreement

between

AGENCE FRANÇAISE DE DEVELOPPEMENT

and

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and
INTERNATIONAL DEVELOPMENT ASSOCIATION**

CO-FINANCING AGREEMENT

AGREEMENT dated 16-Jan-2024 between the *Agence Française de Développement* (“AFD”) and the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “World Bank”) (“Co-financing Agreement”).

WHEREAS:

- (A) the Republic of Madagascar (“Recipient”) has requested the World Bank and AFD to assist in financing the operation “Rural Livelihoods Productivity and Resilience Project” described in Section 1.02 of this Co-financing Agreement (“Operation”);
- (B) the World Bank has agreed to make a credit to the Recipient in an amount equal to \$200 million (“World Bank’s Financing”) to assist in financing the Operation on the terms and conditions set forth in a financing agreement dated April 9, 2023 between the Recipient and the World Bank (“World Bank’s Financing Agreement”);
- (C) AFD has agreed to make a credit to the Recipient in an amount equal to twenty-five (25) million EURO (“AFD’s Financing”) to assist in financing the Operation on the terms and conditions set forth in a financing agreement dated on or around the date of this Co-financing Agreement between the Recipient and AFD (“AFD’s Financing Agreement”); and
- (D) the World Bank and AFD had entered into a co-financing framework agreement (“Framework Agreement”) dated June 13, 2018, setting forth the basis on which they will co-finance the Operation.

NOW THEREFORE, AFD and the World Bank hereby agree as follows:

Article 1 Definitions; Co-financing

Section 1.01. **Definitions.** As used in this Co-financing Agreement, the capitalized terms have the meanings ascribed to them in the Framework Agreement. In addition, the following capitalized terms have the meanings set forth below:

- (a) “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 the World Bank’s Financing Agreement. “Annual Work Plan and Budget” means the singular thereof.
- (b) “Association” means IDA.
- (c) “Cash Transfers” means conditional cash-for-works payments to Eligible Beneficiaries, proportionate to trees planted and sustainably managed in selected Project areas, in acceptable amounts, currency, eligibility, criteria, modalities and procedures further set out in the Project Implementation Manual.
- (d) “Eligible Beneficiaries” means recipients of either Eligible Incentives, Vouchers, WUA Grants, or Matching Grants, as their selection and eligibility criteria and procedures shall be defined in the Project Implementation Manual.

- (e) “Eligible Incentives” means cash or in-kind allocations to Eligible Beneficiaries, taking the form of either Cash Transfers or Land Certificates, under amounts, duration, payment modalities and procedures acceptable to the Association and further set out in the Project Implementation Manual.
- (f) “FDA” means *Fonds de Développement Agricole*, the Recipient’s agriculture development fund, established pursuant to Décret no. 2012-968, portant création du Fonds de Développement Agricole du 13 décembre 2012.
- (g) “Land Certificates” means fees associated with the issuance of certificates of land ownership by the Recipient’s local land offices to Eligible Beneficiaries, in accordance with the Land Law, under eligibility, criteria, modalities and procedures acceptable to the Association and further set out in the Project Implementation Manual.
- (h) “Land Law” means the Recipient’s law No. 2022-013 dated August 1, 2022, and decree No. 2022-1250 dated August 31, 2022.
- (i) “Land Use Planning Schemes” means local development plans and territorial planning tools to be developed on a participatory basis and adopted by the Recipient for each Project intervention zone in the Targeted Areas, consistently with existing municipal parameters to be reflected in the Project Implementation Manual, as each such scheme shall ensure complementarity and interdependence of interventions throughout Project implementation, and ensure that actions related to biodiversity and ecosystem services are linked to the objectives of the Project.
- (j) “Matching Grants” means for purposes of Part 3.2(a), in-kind contribution or cash payments to Eligible Beneficiaries for the purchase of eligible climate-resilient goods, works and services, through a program to be administered by the FDA, in a manner and under acceptable criteria and procedures and in accordance with the Project Implementation Manual.
- (k) “Operating Costs” means the reasonable incremental operating expenses, based on approved Annual Work Plans and Budgets, 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.
- (l) “Project Implementation Manual” and the acronym “PIM” mean the operational manual for the Project, as described in Section I.B of Schedule 2 to the World Bank’s Financing Agreement.
- (m) “Recipient” means the Republic of Madagascar.
- (n) “Targeted Areas” means the Alaotra-Mangoro and Sofia regions on the Recipient’s territory. “Targeted Area” means either one of the Targeted Areas.
- (o) “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.
- (p) “WUA” means water user associations located in the Recipient’s territory.

(q) “WUA Grants” means for purposes of Part 2.2(b)(ii), conditional cash payments to Eligible Beneficiaries against payment by users of selected transferred irrigation schemes of dues to eligible WUAs for the maintenance of said schemes, in a manner and under criteria and procedures acceptable to the Association and in accordance with the Project Implementation Manual.

(r) “Vouchers” means vouchers distributed through a Voucher Management Agency to Eligible Beneficiaries for the exclusive use of climate-resilient sourcing, through registered agro-input dealers, eligible agricultural inputs, equipment and supplies, and associated extension support services, as further defined in the Project Implementation Manual.

(s) “Voucher Management Agency” and the acronym “VMA” mean an acceptable selected and eligible agency, recruited for the Project for purposes of *inter alia* distribution of Vouchers to Eligible Beneficiaries.

Section 1.02. ***Description of Co-financed Operation.*** AFD and the World Bank intend to co-finance the Operation described below:

Component 1: Promoting community-led restoration and management of watersheds in Targeted Areas

Combat watershed erosion and restore ecological services through:

Development and/or update of local Land Use Planning Schemes.

1.2 Reforestation and erosion control in watersheds, through financing of: (a) upper watershed protection activities, and adapted landscape and forest restoration interventions to generate income for local communities; and (b) provision of Eligible Incentives (Cash Transfers or Land Certificates).

1.3 Promoting agroecological practices adapted to each specific landscape or watershed, through capacity-building, Training, purchase of related goods, equipment, and services, including research and development.

Component 2: Sustainable intensification and management of irrigation infrastructure and services

Support to long-term sustainability of selected existing irrigation schemes, including rehabilitation and improved management and maintenance thereof, through:

2.1 Rehabilitation of selected hydro-agricultural infrastructure schemes in Targeted Areas, including *inter alia* on the Sahamaloto dam, including financing of works, supervision, maintenance, related studies and procurement services, and support to WUAs to support their participation and the long-term sustainability of said rehabilitated schemes transferred to them, including *inter alia* Training and outreach.

2.2 Management, maintenance and preservation of hydro-agricultural infrastructure, through: (a) support to related regulatory reforms and contractual arrangements at the regional level; (b) for autonomous schemes and transferred partner schemes, (i) capacity-building and Training to municipal technical services, WUAs and management and preservation authorities, (ii) technical assistance to support the maintenance of each scheme, including support to set up WUAs’ accounts through WUA Grants, and (iii) administrative, audit and advisory support to said WUAs; and (c) for non-transferred infrastructure of the irrigation schemes, at the regional and local level, support to the development of a maintenance framework agreement (*contrat-plan*), assessment of maintenance needs and financing of necessary related maintenance works, Training and related capacity-building.

Component 3: Strengthening livelihood resilience and value chains

Financing of activities to catalyze climate-smart investments and promote diversified food systems, incomes and diets through:

- 3.1 Promoting climate-smart, agroecological and nutrition-sensitive agriculture technologies, practices and interventions through: (a) payment of Vouchers; (b) provision of support and Training to eligible agro-input dealers and farming cooperatives towards sale and extension services; and (c) promotion of homestead and community gardening, farming and cooking, including outreach activities.
- 3.2 Strengthening of value chains through: (a) financing of Matching Grants; and (b) related technical assistance to FDA and studies.
- 3.3 Development of climate-resilient rural road infrastructure, through: (a) financing of upgrade works on selected feeder roads, small bridges and rural market infrastructure in Targeted Areas; (b) support to develop decentralized community-driven road maintenance; and (c) financing of related Training, equipment and services.

Component 4: Project management, monitoring and evaluation

Financing of costs associated with Project management and supervision, on technical, fiduciary, environmental and social, monitoring and evaluation, knowledge management and communications aspects, and including Operating Costs and Training.

Section 1.03. **Method of Co-financing.** AFD and the World Bank intend to co-finance components 1, 2, 3 and 4 of the Operation as follows: as a Joint Co-financing where each contract under the Project will be financed 13% out of the proceeds of the AFD Financing, 87% out of the proceeds of the World Bank Financing.

Article 2 Framework Agreement; Provision of Services and Fees

Section 2.01. **Framework Agreement Undertakings.** Except as otherwise specifically provided in this Co-financing Agreement, AFD and the World Bank will cooperate with each other in co-financing the Operation in accordance with the applicable provisions of the Framework Agreement.

Section 2.02. **Services.**

(a) The World Bank will provide the following Services described in Article 4 of the Framework Agreement in accordance with the provisions of the Framework Agreement: Project Technical Services, Project Environmental and Social Services, Procurement Services, Financial Management Services, and Project Disbursement Services.

(b) The Disbursement Notice provided by the World Bank will be in substantially the form set forth in **Attachment 1** to this Co-financing Agreement.

Section 2.03. **Fees.** The Fee to be paid by AFD for the Services performed by the World Bank pursuant to this Co-financing Agreement is equal to \$272,295 (two hundred seventy-two thousand and two hundred

ninety-five United States dollars). AFD agrees to pay the Fee in accordance with the schedule attached to this Co-financing Agreement (Attachment 2).

Article 3 Miscellaneous

Section 3.01. ***Execution; Effectiveness; Modification.*** Upon signature of this Co-financing Agreement by both Parties, it shall enter into force and effect on the later of (a) the date on which the World Bank's Financing Agreement becomes effective in accordance with its terms, or (b) the AFD's Financing Agreement becomes effective in accordance with its terms. It may be modified from time to time by further agreement in writing signed by an authorized representative of each Party.

Section 3.02. ***Termination.*** This Co-financing Agreement may be terminated at any time upon sixty (60) days' advance notice given in writing by either Party to the other. Upon such notice, the Parties will consult with a view to agreeing on the most practical arrangements to effect such termination. Notwithstanding any such termination, the provisions of Section 2.03 this Co-financing Agreement relating to payments to the World Bank for Services performed prior to the date of such termination, shall continue in full force and effect.

Section 3.03. ***Termination for failure to enter into force.*** Notwithstanding the provisions of Sections 3.01. and 3.02. above, this Co-financing Agreement and all obligations of the Parties under it shall terminate if it has not entered into force and effect after six (6) months of its signature, unless the Parties, after consideration of the reasons for the delay, establish a later deadline for the purpose of this Section.

Section 3.04. ***Notices.*** Any notice or request required or permitted to be given or made under this Co-financing Agreement will be in writing, and will be deemed to have been duly given when delivered by hand, mail, facsimile or electronic mail to the Party to which it is required or permitted to be given or made at such Party's address specified below:

For the World Bank:

International Bank for Reconstruction and Development
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Fax number: +1 (202) 477-6391
Tel. number: +1 (202)473-3556

Attention: Vice President, Operations Policy and Country Services

For AFD:

Agence Française de Développement
5 rue Roland Barthes
75598 Paris Cedex 12
France

Fax number: +33 1 44 87 99 39
Tel. number: +33 1 53 44 31 31

Attention: Executive Director, Strategy, Partnerships and Communication

(b) Any notice (including without limitation a Disbursement Notice) or request required or permitted to be given or made under this Co-financing Agreement relating to Disbursement Services will be in writing and will be deemed to have been duly given when delivered by hand, mail, facsimile or electronic mail to the Party to which it is required or permitted to be given or made at such Party's address specified below:

For the World Bank:

International Bank for Reconstruction and Development
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Fax number: +1 (202) 477-6391
Tel. number: +1 (202)473-3556

Attention: Vice President, Operations Policy and Country Services
For AFD:

Agence Française de Développement d'Antananarivo
23 rue Razanakombana Ambohijatovo
BP 557 Antananarivo 101
Madagascar

Fax number: (261 20) 22 347 94
Tel. number: (261 20) 22 200 46

Attention: AFD Country Director

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Co-financing Agreement in duplicate in the English language.

**AGENCE FRANÇAISE DE
DÉVELOPPEMENT**

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT
and INTERNATIONAL
DEVELOPMENT ASSOCIATION**

By: 

By: 

Name: Yves Guicquero

Name: Atouseck

Title: AFD Country Director

Title: Country Manager

**ATTACHMENT 1:
FORM OF DISBURSEMENT NOTICE – SAMPLE**

Date: _____

Dear Sir/Madam,

This is to confirm that the withdrawal application, a copy of which is attached, is in proper order, that the amount requested is eligible for financing under AFD's Financing Agreement for the Operation noted, and has been approved by the World Bank on [date]. AFD may, if it agrees, proceed to make the disbursement in accordance with the details included below.

If AFD agrees, please proceed with disbursement and confirm the value date, currency paid, amount paid and cost currency details so that we may update our records with the actual payment details.

Please contact [XXXXXX] in case of any questions pertaining to this notice.

Sincerely,
Loan Department
The World Bank

Attachment - Details of Disbursements¹

001 ATTN:
002 AFD
003 _____
004 _____
005 _____
006 _____
007 APPLICATION NO: _____
009 [currency and amount in figures]
010 [amount in words] _____
011 OPERATION REFERENCE: _____
012 [Operation name]_
013 OUR TN: [number]
014 ON THE BASIS OF FOREGOING WE HEREBY NOTIFY YOU
015 THE AMOUNT OF DISBURSEMENT TO BE MADE BY YOU:
017 [currency and amount in figures]
018 [amount in words]
020 PAY TO: [Operation name]
021 [address of Payee]
022 PAYEE ACCOUNT NO: _____
024 PAYEE BANK NAME AND ADDRESS : _____
025 _____

¹ All elements of this notice which are known at the time the Co-Financing Agreement is signed should be completed prior to signing of that agreement (e.g., addressee, name of Operation, category details, etc.).

027 INTERMED BANK NAME AND ADDRESS: [REDACTED]
028 [REDACTED],
029 DA- C RECOVERY AMOUNT USD 0.00 (ZERO)
030 WE HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING
030 REQUEST FOR
031 DISBURSEMENT :
032 CATEGORY DETAILS (CATEGORY, AMOUNT)
033 [REDACTED]
034 [REDACTED]
035 [REDACTED]
036 [REDACTED]
037 [REDACTED]
038 [REDACTED]
039 [REDACTED]
040 [REDACTED]
041 TOTAL: [currency and amount in figures]
042 PAYMENT REFERENCE: COFN [REDACTED]
043 FOR DISBURSEMENT DIVISION,
044 WORLD BANK.
045 NOTE: ALL THE DETAILS STATED ABOVE ARE AS PER THE
046 CURRENT STATUS OF THE APPLICATION

**ATTACHMENT 2 TO CO-FINANCING AGREEMENT:
FEE PAYMENT SCHEDULE FOR PROJECT CMG1784**

Due Date	Amount
On or before Effectiveness	\$54,460
By end September 30, 2024	\$43,567
By end September 30, 2025	\$43,567
By end September 30, 2026	\$43,567
By end September 30, 2027	\$43,567
By end September 30, 2028	\$43,567