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**CREDIT NUMBER 7214-MG**  
**Amendment to Credit Number 6952-MG**

# **Financing Agreement**

**(Additional Financing to the Madagascar Road Sector Sustainability Project)**

**between**

**REPUBLIC OF MADAGASCAR**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 7214-MG  
Amendment to Credit Number 6952-MG**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF MADAGASCAR (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing to the Original Project (as defined in the Appendix to this Agreement). 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, or subsidiarily in the appendix to the Original Financing 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 the amount of one hundred million Dollars (\$100,000,000) (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 implement Part 3 and cause Parts 1 and 2 of the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been updated to reflect this Financing in form and substance and in a manner acceptable to the Association.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.
- 4.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its minister in charge of economy and finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:
- Ministry of Economy and Finance  
PO Box 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

(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

**REPUBLIC OF MADAGASCAR**

**By**



**Authorized Representative**

**Name:** Rindra Hasimbelo Rabarinirinarison

**Title:** Ministre de l'Economie et des Finances

**Date:** 03-Oct-2022

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*MARIE UWANYILIGIRA*

**Authorized Representative**

**Name:** MARIE UWANYILIGIRA

**Title:** Country Manager

**Date:** 28-Sep-2022

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the longevity, safety and climate resiliency of selected paved primary roads, and support emergency recovery of selected main infrastructure in Madagascar.

The Project consists of the following parts under the Original Project as modified:

#### **Part 1: Improving Road Condition and Resilience**

Provision of: (a) maintenance works on selected primary national roads; (b) technical advisory services to support periodic and routine maintenance on said roads, by: (i) using the new Resilient Road Construction and Maintenance Norms and Standards; and (ii) carrying out road safety audits (audits of designs and works) to ensure proper safety measures are implemented; and (c) financial and technical support to pilot performance-based contracts for the maintenance of selected road sections.

#### **Part 2: Technical Assistance and Support to Road and Transport Sector Reforms**

1. Provision of technical assistance and goods (including, *inter alia*, vehicles, transportation and communication equipment, IT and electronic equipment) to Beneficiaries to strengthen: (a) institutional, regulatory and planning capacity of the Recipient's Ministry of Public Works (formerly MTPPW), Road Agency, Road Fund, and MOT; (b) planning and management of road infrastructure through building capacity activities and Training to develop and implement new maintenance regimes; (c) the capacity of the lead Road Safety Agency, through the preparation and implementation of the road safety strategy and action plan; (d) the development of a road asset management system for the prioritization of road maintenance and investments; and (e) women empowerment and increased participation of women in the road sector labor force, through Training.
2. Support for Project implementation, coordination and supervision, including: (a) costs of operating the RA-PIU; (b) Project monitoring and evaluation, including audits; and (c) implementation of ESCP and monitoring Project's compliance with social and environmental standards.

#### **Part 3: Contingent Emergency Response**

1. Provision of goods, works, and services for emergency reconstruction and rehabilitation needs of: (a) selected roads, bridges, and associated infrastructure; and (b) selected railways operated by Madarail.

2. Provision of goods, works and services for emergency reconstruction needs in JIRAMA's electricity network, including purchase and installation of electrical poles, cables, transformers, and associated parts and infrastructure.
3. Provision of immediate response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Recipient shall, throughout Project implementation, maintain the following institutional arrangements, as shall be further described in the Project Operations Manual (“POM”).

##### 1. **Project Technical Committee**

- (a) The Recipient shall maintain, throughout Project implementation, the Project Technical Committee (“PTC”), with composition and mandate acceptable to the Association.
- (b) The PTC shall be chaired by the Director General of Public Works (or an authorized representative), and shall include, at a minimum, a high-level representative from the Road Fund, and technical experts and representatives from the Recipient's ministries responsible for territorial planning and public works, transport, and economy and finance, as further detailed in the POM.
- (c) The PTC shall be responsible for the provision of strategic and technical guidance, technical oversight of the Project and support for its effective implementation, and the approval of Annual Work Plans and Budgets.

##### 2. **RA-PIU**

- (a) Throughout the implementation of the Project, the Recipient shall maintain the Road Agency (“RA”) as the Project Implementing Entity with overall responsibility for the implementation, coordination and oversight of activities carried out under Parts 1 and 2 of the Project.
- (b) The Recipient shall cause the Project Implementing Entity to maintain, at all times throughout Project implementation, a dedicated Project Implementation Unit within RA (“RA-PIU”), to carry out Parts 1 and 2 of the Project in close coordination with key sectoral ministries, agencies, and actors involved in the Project.
- (c) The RA-PIU shall be responsible for implementation of Parts 1 and 2 of the Project, including, *inter alia*, ensuring day to day management of the Project and coordination of its activities with key stakeholders, managing

the Project's fiduciary, disbursement and environmental and social safeguards aspects, and monitoring and evaluation of Project implementation, as further detailed in the POM.

- (d) To this end, the Recipient shall cause the Project Implementing Entity to maintain throughout Project implementation, key staff for the RA-PIU, with qualifications and under terms of reference acceptable to the Association, including: (i) a Project coordinator; (ii) a procurement specialist; (iii) an environmental specialist; (iv) a social safeguards specialist; (v) a gender-based violence and sexual exploitation and abuse/sexual harassment specialist; and (vi) a financial management officer.
- (e) The Recipient shall cause the Project Implementing Entity to maintain throughout Project implementation, the following additional staff for the RA-PIU: (i) an internal auditor; (ii) an accountant; and (iii) a procurement specialist; and any other technical, fiduciary, and safeguards specialists as may have been agreed with the Association, as further detailed in the POM.

### **3. PACT-PIU**

- (a) The Recipient shall, throughout the PACT Project and the implementation of Parts 3.1 and 3.2 of the Project, maintain the PACT-PIU, under the responsibility of the Ministry of Public Works (formerly MTPPW), with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall, at all times during the PACT Project and the implementation of Parts 3.1 and 3.2 of the Project, maintain sufficient staff, each with adequate terms of reference, qualifications and experience for the Project, acceptable to the Association.
- (b) The RA-PIU shall be supported by the PACT-PIU, which shall provide technical assistance and implementation support, as needed.

### **B. Subsidiary Agreement**

- 1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include, *inter alia*, the following:
  - (a) the RA shall not be required to repay the proceeds of the Financing received from the Recipient;



- (b) the obligation of the RA to carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social, labor and technical standards and practices, and provide promptly as needed, the facilities, services and other resources required for the Project;
  - (c) the obligation of the RA to: (i) exchange views with the Recipient, and the Association with regard to the progress of the Project, and the performance of its obligations under the Subsidiary Agreement; and (ii) assist the Recipient in complying with its obligations referred to in Section II of this Schedule, as applicable to the Project;
  - (d) the obligation of the RA to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, including but not limited to any Project-related accident or incident;
  - (e) the obligation of the RA to carry out the Project in accordance with the POM;
  - (f) the obligation of the RA to carry out the Project in compliance with the Anti-Corruption Guidelines;
  - (g) the obligation of the RA 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 Project; and (ii) have such financial statements audited on an annual basis 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, and no later than six months after the end of the Project fiscal year; and
  - (h) the right of the Recipient to take remedial actions against the RA, in case the RA shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the subsidiary financing transferred to the RA pursuant to the Subsidiary Agreement (as the case may be).
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

3. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Project Operations Manual**

1. The Recipient shall, and shall cause the Project Implementing Entity, to maintain at all times during Project implementation, an operations manual for the Project (“POM”) in form and substance acceptable to the Association, which shall include the rules, guidelines, standard documents and procedures for the carrying out of the Project, including the following:
  - (a) a detailed description of the institutional and implementation arrangements of the Project;
  - (b) the environmental and social obligations and arrangements for the Project, including a detailed description of the grievance mechanism process as well as any process for recording and reporting Project-related accidents and incidents;
  - (c) the indicators to be used in the monitoring and evaluation of the Project and procedures for Project reporting, monitoring, supervision and evaluation, including the format and content of the Project Reports;
  - (d) external audit and independent verification arrangements;
  - (e) the requirements of the Anti-Corruption Guidelines; and
  - (f) such other arrangements and procedures as shall be required for the effective implementation of the Project.
2. The Recipient shall, and shall cause the Project Implementing Entity to, carry out the Project, in accordance with the requirements set forth in the POM.
3. The POM may not be assigned, amended, abrogated or waived, or permitted to be assigned, amended, abrogated or waived, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project. The POM may only be amended in consultation with, and after written approval of, the Association.
4. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

**D. Annual Work Plans and Budgets**

1. Each year the Recipient, through the Project Implementing Entity, 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 PTC, 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).
3. 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.
4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior approval.

**E. Environmental and Social Standards**

1. The Recipient shall, and shall cause the Project Implementing Entity 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 Project Implementing Entity 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 Project Implementing Entity 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. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall, and shall cause the Project Implementing Entity 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, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall, and shall cause the Project Implementing Entity 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.
6. The Recipient shall, and shall cause the Project Implementing Entity 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.

**F. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3.3 of the Project (“Contingent Emergency Response Part”), 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 Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (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 Part; 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 Part 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 Part, with adequate staff and resources satisfactory to Association.

3. The Recipient shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part 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 Part 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 Part 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 forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**2. Mid-Term Review**

The Recipient, through the RA-PIU, shall:

- (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis the carrying out of the Project;
- (b) unless otherwise agreed with the Association, prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 31, 2024, a consolidated report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
- (c) review with the Association, on or about June 30, 2024, or such later date as the Association shall request, the report referred to in paragraph 2(b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

**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:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts 1 and 2 of the Project	100,000,000	100%, upon full commitment or disbursement of amounts under Category (1) in the Original Financing Agreement
(2) Emergency Expenditures under Part 3.3 of the Project	0	100%
<b>TOTAL AMOUNT</b>	100,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date; or
  - (b) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures:
    - (i) (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 (2); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is September 30, 2027.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15:	
commencing November 15, 2032 to and including May 15, 2072.	1.25%

\* 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 3.05(b)) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “Annual Work Plans and Budgets” or “AWPB” means the annual work plans and budgets for the implementation of the Project approved by the Association, referred to in Section I.D of Schedule 2 to this Agreement and to the Original Financing Agreement.
2. “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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “CERC First Manual” means the manual dated May 14, 2022, adopted for purposes of the activation on June 21, 2022 of the Contingent Emergency Response Part under the Original Financing Agreement, in its original drafting, and which is an integral part of the Project Operations Manual, as said CERC First Manual shall include the corresponding emergency action plan of the same date.
5. “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 Project Operations Manual.
6. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 3.3 of the Project to respond to an Eligible Crisis or Emergency.
7. “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.
8. “Emergency Action Plan” means the plan referred to in Section I.F, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
9. “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.

10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated August 31, 2022, 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.
11. “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 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.
12. “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.
13. “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.
14. “Madarail” means a rail operator established on the Recipient’s territory as a public limited company (*société anonyme*), and operating pursuant to its articles of incorporation (*Statuts*) dated May 16, 2022, as they may be amended from time to time.
15. “Ministry of Public Works” means the Recipient’s ministry in charge of public works, or any successor thereto.
16. “MOT” means the Recipient’s ministry of transport, or any successor thereto.

17. “MTPPW” means the Recipient’s former Ministry of Territorial Planning and Public Works, in charge of public works, or any successor thereto including the Ministry of Public Works as of the Signature Date.
18. “Original Financing Agreement” means the agreement between the Recipient and the Association dated July 21, 2021, for Credit No. 6952-MG, as amended.
19. “Original Project” means the project described in Schedule 1 to the Original Financing Agreement, as amended.
20. “PACT-PIU” means the dedicated implementation unit of the PACT Project, established within the Recipient’s Ministry of Territorial Planning and Public Works, referred to in Section I.A.3 of Schedule 2 to this Agreement and to the Original Financing Agreement.
21. “PACT Project” means the Connectivity for Rural Livelihood Improvement Project, the Financing Agreement of which was signed by the Recipient and the Association on November 18, 2019 (Credit No. 6505-MG).
22. “Project Agreement” means: (a) with respect to the Original Project, the agreement entered into between the Association and the Project Implementing Entity dated July 21, 2021; and (b) with respect to this Financing, the agreement to be entered into between the Association and the Project Implementing Entity on or around the same date as this Agreement, for the purposes of further technical implementation of Parts 1 and 2 of the Project, as both may be amended from time to time.
23. “Project Implementing Entity” means the Road Agency, with which the Association will enter into a Project Agreement and the Recipient will enter into a Subsidiary Agreement, and for the purposes of the General Conditions, shall be understood to mean the Project Implementing Entity.
24. “Project Operations Manual” or “POM” means the Recipient’s manual prepared by the Recipient, including through the RA-PIU with respect to Parts 1 and 2 of the Project, referred to in Section I.C of Schedule 2 to this Agreement and to the Original Financing Agreement, as said manual may be amended from time to time by the Recipient with the agreement of the Association. For purposes of this Financing, the Project Operations Manual shall incorporate the CERC First Manual.
25. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
26. “Project Technical Committee” or “PTC” means the technical committee established by the Recipient pursuant to *arrêté* No. 31 569/2021 dated

December 17, 2021 and referred to in Section I.A.1 of Schedule 2 of this Agreement and to the Original Financing Agreement.

27. “RA-PIU” means the dedicated project implementation unit within the Road Agency referred to in Section I.A.2 of Schedule 2 to this Agreement.
28. “Resilient Road Construction and Maintenance Norms and Standards” means the Recipient’s “*normes nationales pour des infrastructures routières résistantes aux inondations et aux phénomènes géologiques (NIRIPG)*”, new national norms and standards for road construction and maintenance, established by Decree No. 2020-1156, dated September 16, 2020.
29. “Road Agency” or “RA” means the Recipient’s Road Agency, established and operating pursuant to the Recipient’s Decree No. 2019-1279, dated July 18, 2019.
30. “Road Fund” means the Recipient’s Road Fund, established pursuant to the Recipient’s Order No. 2019-001, dated May 10, 2019 and operating pursuant to the Recipient’s Decree No. 2019-278, dated June 19, 2019.
31. “Road Safety Agency” means the lead road safety agency, a public establishment to be established by the Recipient.
32. “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.
33. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement and to the Original Financing Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

## **Section II. Modifications to the General Conditions**

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.

**Section III. Amendments to the Original Financing Agreement**

The Original Financing Agreement is hereby amended as follows:

1. Article III of the Original Financing Agreement is amended to read as follows:

“The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall implement Part 3 of the Project, and cause Parts 1 and 2 of the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.”

2. Schedule 1 to the Original Financing Agreement is amended as reflected in Schedule 1 to this Agreement.
3. Section I.A.3. of Schedule 2 to the Original Financing Agreement is hereby replaced as follows:

**“3. PACT-PIU**

- (a) The Recipient shall, throughout the PACT Project and the implementation of this Project’s Parts 3.1 and 3.2, maintain the PACT-PIU, under the responsibility of the Ministry of Public Works (formerly MTPPW), with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall, at all times during the PACT Project and the implementation of Parts 3.1 and 3.2 of the Project, maintain sufficient staff, each with adequate terms of reference, qualifications and experience for the Project, acceptable to the Association.
- (b) The RA-PIU shall be supported by the PACT-PIU, which shall provide technical assistance and implementation support, as needed.
- (c) Without prejudice to paragraph (b) immediately above, the PACT-PIU shall be responsible for implementation of Parts 3.1 and 3.2 of the Project, including, *inter alia*, ensuring day to day management of the Project and coordination of its activities with key stakeholders, managing the Project’s fiduciary, disbursement and environmental and social safeguards aspects, and monitoring and evaluation of Project implementation, as further detailed in the POM.
- (d) To this end, the Recipient shall cause the PACT-PIU to recruit no later than two (2) months after the Effective Date of the Additional Financing

Agreement, and thereafter maintain throughout the implementation of Parts 3.1 and 3.2 of the Project, additional dedicated staff for Parts 3.1 and 3.2 of the Project, with qualifications and under terms of reference acceptable to the Association, including: (i) a procurement specialist; (ii) an environmental specialist; (iii) a social specialist; and (iv) an accountant.

- (e) To facilitate implementation of Parts 3.1 and 3.2 of the Project, the Recipient, through the PACT-PIU, shall enter into and thereafter maintain throughout implementation of those activities, adequate implementation agreements with each JIRAMA and Madarail, under terms and conditions acceptable to the Association, which shall include obligations for JIRAMA and for Madarail, throughout implementation of those activities under Parts 3.1 and 3.2 of the Project, to *inter alia*: (i) follow adequate due diligence and best technical, administrative, environmental and social, and fiduciary practices, in accordance with the Financing Agreement, the POM, the Environmental and Social Standards, the ESCP, and the Anti-Corruption Guidelines as they apply to recipients of Financing proceeds other than the Recipient; (ii) conform to requests from the PACT-PIU or the Association to provide any necessary information or regular reports, as required for the purpose, on any aspect of implementation of Parts 3.1 and 3.2 of the Project; and (iii) use any proceeds of the Financing for the purpose intended in accordance with the Financing Agreement, or to otherwise be subject to the obligation to refund to the Recipient any misused Financing proceeds.”

- 4. A Section I.A.4. is hereby added to Schedule 2 to the Original Financing Agreement to read as follows:

**“4. Coordination Committee**

(a) The Recipient shall establish, and thereafter maintain, throughout Project implementation, the Coordination Committee, with composition and mandate acceptable to the Association, responsible for the technical coordination of Parts 3.1 and 3.2 of the Project.

(b) The Coordination Committee shall include *inter alia* representatives from the Recipient’s Ministry of Finance, Ministry of Public Works, Roads Agency, JIRAMA, and Madarail.”

- 5. For purposes of Section II.2(b) and (c) of Schedule 2 to the Original Financing Agreement, the reference to “March 31, 2023” shall be amended to read “March 31, 2024”, and the reference to “June 30, 2023” shall be amended to read “June 30, 2024” respectively, all other terms in said Section II.2. remaining the same.
- 6. The table of Section III of Schedule 2 to the Original Financing Agreement is

amended as follows:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts 1 and 2 of the Project	69,650,000	100%
(2) Emergency Expenditures under Part 3.3 of the Project	0	100%
(3) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts 3.1 and 3.2 of the Project	69,650,000	100%
<b>TOTAL AMOUNT</b>	139,300,000	

7. The Closing Date in Section III.B.2 of Schedule 2 to the Original Financing Agreement is September 30, 2027.
8. The following definitions in Appendix to the Original Financing Agreement are hereby amended or added, as appropriate, and the numbering of definitions is hereby renumbered in alphabetical order:

““Additional Financing Agreement” means the agreement between the Recipient and the Association for Credit No. 7214-MG, for purposes of providing additional financing to the Project.”

““CERC First Manual” means the manual dated May 14, 2022, adopted for purposes of the activation on June 21, 2022 of the Contingent Emergency Response Part under the Original Financing Agreement, in its original drafting, and which is an integral part of the Project Operations Manual, as said CERC First Manual shall include the corresponding emergency action plan of the same date.”



““Coordination Committee” means the committee established by the Recipient for purposes of Parts 3.1 and 3.2 of the Project.”

““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.”

““Madarail” means a rail operator established on the Recipient’s territory as a public limited company (*Société anonyme*), and operating pursuant to its articles of incorporation (*Statuts*) dated May 16, 2022, as they may be amended from time to time.”

““Project Agreement” means: (a) with respect to this Financing, the agreement entered into between the Association and the Project Implementing Entity dated July 21, 2021; and (b) with respect to the Additional Financing Agreement, the agreement to be entered into between the Association and the Project Implementing Entity for the purposes of further technical implementation of Parts 1 and 2 of the Project, as both may be amended from time to time.”

““Project Operations Manual” or “POM” means the Recipient’s manual prepared by the Recipient, including through the RA-PIU with respect to Parts 1 and 2 of the Project, referred to in Section I.C of Schedule 2 to this Agreement, as said manual may be amended from time to time by the Recipient with the agreement of the Association. For purposes of this Financing, the Project Operations Manual shall incorporate the CERC First Manual.”