
CREDIT NUMBER 7214-MG

Project Agreement

(Additional Financing to the Madagascar Road Sector Sustainability Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGENCE ROUTIERE (“ROAD AGENCY”)

CREDIT NUMBER 7214-MG

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the ROAD AGENCY (“Project Implementing Entity” or “RA”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the Republic of Madagascar (“Recipient) and the Association, concerning Credit No. 7214-MG. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Parts 1 and 2 of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s Representative is its Managing Director (“*Directeur Général*”).
- 4.02. 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: Facsimile:
248423(MCI) or +1-202-477-6391

4.03. For purposes of Section 11.01 of the General Conditions:

(a) the Project Implementing Entity's address is:

Road Agency
Road Agency Building
Ranaivo Paul Street, Alarobia
Antananarivo 101; and

(b) the Project Implementing Entity's Electronic Address is:

E-mail:

c.rakotomavo@agenceroutiere.mg

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

MARIE UWANYILIGIRA

Authorized Representative

Name: MARIE UWANYILIGIRA

Title: Country Manager

Date: 28-Sep-2022

ROAD AGENCY

By:

Christophe Rakotomavo

Authorized Representative

Name: Christophe Rakotomavo

Title: Général manager

Date: 28-Sep-2022

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Project Implementing Entity

1. Except as otherwise provided in the Financing Agreement, the Road Agency (“RA”) shall be vested with the responsibility for the overall coordination, fiduciary and environmental and social aspects, monitoring and evaluation, and day-to-day proper implementation of Parts 1 and 2 of the Project, as Project Implementing Entity, in accordance with the provisions of the Financing Agreement and the Project Operations Manual (“POM”).
2. To this end, the Project Implementing Entity shall obtain technical inputs from the Recipient to carry out Project activities.

B. RA-PIU

1. The Project Implementing Entity shall establish, and thereafter maintain at all times during Project implementation, a dedicated Project Implementation Unit to carry out the Project (“RA-PIU”), with an institutional framework, functions and resources, competent personnel in adequate numbers, with qualifications and under terms of reference acceptable to the Association.
2. To this end, the Project Implementing Entity shall maintain throughout Project implementation, key staff for the RA-PIU, with qualifications and under terms of reference acceptable to the Association, including: (a) a Project coordinator; (b) a procurement specialist; (c) an environmental specialist; (iv) a social safeguards specialist; (d) a gender-based violence and SEA/SH specialist; and (e) a financial management officer.
3. The Project Implementing Entity shall maintain throughout Project implementation, the following additional staff for the RA-PIU: (a) an auditor; (b) an accountant; and (c) 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.
4. The RA-PIU shall be responsible for implementation of activities carried out under 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 safeguards aspects, and monitoring and evaluation of Project implementation, as further detailed in the POM.

C. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall enter into a subsidiary agreement (“Subsidiary Agreement”) with the Recipient through its Ministry of Finance, under terms and conditions approved by the Association, and to be updated to reflect this Financing, 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 Project Implementing Entity 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. Except as the Association shall otherwise agree, the Road Agency shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Project Operations Manual

1. The Project Implementing Entity shall maintain, at all times during Project implementation, the project operations manual (“POM”), in form and substance acceptable to the Association and, carry out the Project, in accordance with the requirements set forth in the POM, 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 Project Implementing Entity shall: (a) furnish the POM to the Association for review; (b) afford the Association a reasonable opportunity to exchange views

with the Recipient on said manual; and (c) thereafter adopt said POM as shall have been approved by the Association.

3. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the POM and that the POM is not to 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 or the Financing Agreement, the terms of this Agreement shall prevail.

E. Annual Work Plans and Budget

1. Each year, the Project Implementing Entity shall prepare for the Project:
 - (a) 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 Recipient, 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 Project Technical Committee, for the Association's review and approval. Only the activities included in an annual work plan and budget expressly approved by the Association (each an "Annual Work Plan and Budget") are eligible to a financing from the proceeds of the Financing; and
 - (c) ensure that the Project is carried out in accordance with the Annual Budgets and Plans (provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail).
2. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified;

(e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

3. Annual Work Plans and Budgets may be revised as needed during Project implementation, subject to the Association's prior approval.

F. Environmental and Social Standards

1. The Project Implementing Entity shall 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 Project Implementing Entity shall 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 Project Implementing Entity shall 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 Project Implementing Entity shall 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 Project Implementing Entity shall 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 Project Implementing Entity shall 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of Parts 1 and 2 of the Project and prepare Project Reports in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient, before the Closing Date, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.