

CONFORMED COPY

**CREDIT NUMBER 3060-1-MAG
(Amendment)**

Agreement Amending Development Credit Agreement

(Second Community Nutrition Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 1, 2003

**CREDIT NUMBER 3060-1-MAG
(Amendment)**

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 1, 2003 between REPUBLIC OF MADAGASCAR (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Second Community Nutrition Project - Credit Number 3060 MAG), dated May 7, 1998 (the Development Credit Agreement), for the purpose of providing support during the execution of the Second Community Nutrition Project, as described in Recital of the Development Credit Agreement (the Project);

(B) the Borrower has requested the Association to provide further additional assistance in the support of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to seven million three hundred thousand Special Drawing Rights (SDR 7,300,000); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments to the Development Credit Agreement

Section 1.01. Section 1.02 of the Development Credit Agreement is amended by inserting in its appropriate alphabetical order the following paragraph (b), the existing paragraphs (b) through (q) being renumbered accordingly as paragraphs (c) through (r), respectively:

(b) "Amending Agreement" means the agreement amending the Development Credit Agreement (Second Community Nutrition Project) between the Borrower and the Association, dated December 1, 2003;

Section 1.02. Section 2.01 of the Development Credit Agreement is amended to read as follows:

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty-seven million seven hundred thousand Special Drawing Rights (SDR 27,700,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to twenty million four hundred thousand Special Drawing Rights (SDR 20,400,000) (the Initial Financing); and (b) an additional amount in various currencies equivalent to seven million three hundred thousand Special Drawing Rights (SDR 7,300,000) (the Additional Financing).

Section 1.03. Section 2.03 of the Development Credit Agreement is amended to read as follows:

Section 2.03. The Closing Date shall be October 31, 2004 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 1.04. A proviso is added at the end of Section 2.04 (b) (i) of the Development Credit Agreement reading as follows:

provided however that the commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the Amending Agreement;

Section 1.05. Section 2.07 (a) of the Development Credit Agreement shall be amended to read as follows:

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit as follows:

- (A) in the case of the Initial Financing, in semiannual installments payable on each March 15 and September 15, commencing September 15, 2008, and ending March 15, 2038. Each installment to and including the installment payable on March 15, 2018, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount; and
- (B) in the case of the Additional Financing, in semiannual installments payable on each March 15 and September 15, commencing March 15, 2014, and ending September 15, 2043. Each installment to and including the

installment payable on September 15, 2023, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

Section 1.06. The table in paragraph 1 of Schedule 1 to the Development Credit Agreement is hereby revised as indicated in the Annex 1 to this Amending Agreement.

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing, on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in Antananarivo, Republic of Madagascar, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

By /s/ Radavidson Andriamparany Benjamin
Authorized Representative

ASSOCIATION

INTERNATIONAL DEVELOPMENT

By /s/ Hafez Ghanem
Authorized Representative

ANNEX 1

SCHEDULE 1

Withdrawals of the Proceeds of the Credit

<u>Category</u>	<u>Amount of Financing Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil works		100% of foreign expenditures and 80% of local expenditures
(a) Initial Financing	110,800	
(b) Additional Financing	40,000	
(2) Goods		100% of foreign expenditures and 80% of local expenditures
(a) Initial Financing	3,050,000	
(b) Additional Financing	380,000	
(3) Drugs		100% of foreign expenditures and 80% of local expenditures
(a) Initial Financing	295,000	
(b) Additional Financing	300,000	
(4) Community Fund Grants		100% of amounts of Grants disbursed
(a) Initial Financing	900,000	
(b) Additional Financing	300,000	
(5) Consultants' services and audits		
(a) Initial Financing	10,000,000	100% for the original credit
(b) Additional Financing	3,890,000	85% of foreign expenditures and 75% of local expenditures for the supplemental credit
(6) Training		100%
(a) Initial Financing	2,960,000	
(b) Additional Financing	1,000,000	
(7) Operating Costs		85%
(a) Initial Financing	3,084,200	
(b) Additional Financing	1,390,000	
(8) Unallocated	0	
TOTAL	<u>27,700,000</u>	

