

CONFORMED COPY

**CREDIT NUMBER 3302-1-MAG
(Amendment)**

Agreement Amending Development Credit Agreement

(Second Health Sector Support Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2005

**CREDIT NUMBER 3302-1-MAG
(Amendment)**

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 13, 2005 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 Health Sector Support Project - Credit Number 3302-MAG), dated February 3, 2000 (the Development Credit Agreement), for the purpose of providing support during the execution of the Second Health Sector Support 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 twelve million three hundred thousand Special Drawing Rights (SDR 12,300,000); 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:

(a) by inserting in their respective alphabetical order the following paragraphs (a), (d), (i) and (o), the existing paragraphs (a) and (b), (c) through (f), (g) through (k) and (l) through (p) being re-numbered accordingly as paragraphs (b) and (c), (e) through (h), (j) through (n), and (p) through (t), respectively:

(a) **“Amending Agreement” means the agreement amending the Development Credit Agreement (Second Health Sector Support Project) between the Borrower and the Association, dated July 13, 2005;**

(d) **“District” means an administrative subdivision of the Borrower’s territory;**

(i) **“Medical Waste Plan” means the medical waste plan, dated March 2002, issued by the Borrower, and giving details of measures deemed necessary or appropriate to ensure the safe disposal of medical waste under the Project;**

(o) **“Region” means an administrative subdivision of the Borrower’s territory;**

(b) amending the re-numbered paragraph (n) thereof to read as follows:

(n) "Project Implementation Manual" or "PIM" means the manual describing the Project reporting and monitoring procedures, plans and other implementation arrangements (including procurement and disbursement arrangements) and specifying the performance indicators to be used in assessing the progress achieved in the execution of the Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Implementation Manual;

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 forty-one million three hundred thousand Special Drawing Rights (SDR 41,300,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to twenty-nine million Special Drawing Rights (SDR 29,000,000) (the Initial Financing); and (b) an additional amount in various currencies equivalent to twelve million three hundred thousand Special Drawing Rights (SDR 12,300,000) (the Additional Financing).

Section 1.03. 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 1.04. 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:

- (i) **in the case of the Initial Financing, in semiannual installments payable on each April 1 and October 1, commencing April 1, 2010, and ending October 1, 2039. Each installment to and including the installment payable on October 1, 2019, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount; and**

- (ii) **in the case of the Additional Financing, in semiannual installments payable on each April 1 and October 1, commencing October 1, 2015 and ending April 1, 2045. Each installment to and including the installment payable on April 1, 2025, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.**

Section 1.05. Schedule 1 to the Development Credit Agreement is hereby revised:

(a) by amending the table in paragraph 1 thereof to read as shown in the Annex 1 to this Amending Agreement;

(b) by inserting in its appropriate alphabetical order in paragraph 2 thereof a new paragraph (e) to read as follows:

(e) the term “Region and District Operating Costs” means Operating Costs incurred by, or on behalf of, a Region or a District.

Section 1.06. Schedule 3 to the Development Agreement is amended by amending paragraph 6 of Part C of Section I thereof to read as follows:

6. Procurement from UN Agencies

Drugs, consumables, insecticides, vehicles and equipment estimated to cost up to \$10,000,000 equivalent in the aggregate, may be procured from UNIPAC, IAPSO, UNFPA or WHO; and infant food estimated to cost up to \$670,000 in the aggregate, may be procured through UNICEF, all in accordance with the provisions of paragraph 3.9 of the Guidelines.

Section 1.07. Schedule 4 to the Development Credit Agreement is amended by amending paragraph 1 thereof to read as follows:

1. The Borrower shall carry out the Project in accordance with procedures set forth in the PIM and the Medical Waste Plan, and, except as

the Association may otherwise agree, shall not amend or waive any provision thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

Section 1.08. The amount of the Authorized Allocation shown in paragraph 1 (c) of Schedule 5 to the Development Credit Agreement is hereby increased from \$1,500,000 to \$3,000,000.

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 the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

Radavidson By: /s/ Benjamin Andriamparany
Authorized Representative

ASSOCIATION INTERNATIONAL DEVELOPMENT

James Bond By: /s/
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>
	<u>Initial Financing</u>	<u>Additional Financing</u>	
(1) Civil works	6,641,600	836,000	100% of foreign expenditures and 85% of local expenditures
(2) Goods	7,396,700	2,788,000	100% of foreign expenditures and 85% of local expenditures
(3) Drugs, materials, insecticides and bed nets	3,153,900	3,362,000	100% of foreign expenditures and 85% of local expenditures
(4) Consultants' services, training and audits	6,825,300	1,689,000	100% for Initial Financing; 85% of foreign expenditures and 75% of local expenditures for consultants' services and audits, and 100% of training for Additional Financing
(5) Operating Costs	4,982,500	836,000	85%
(6) Region and District Operating Costs		2,789,000	85%
TOTAL	<u>29,000,000</u>	<u>12,300,000</u>	