
**GRANT NUMBER D932-MG
Amendment to Grant No. D751-MG**

Financing Agreement

**(Additional Financing for Support for Resilient Livelihoods in the South of
Madagascar (MIONJO) Project and Amendment to Original Financing Agreement)**

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

**GRANT NUMBER D932-MG
Amendment to Grant No. D751-MG**

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MADAGASCAR (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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, in the Original Financing Agreement or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventy-one million Special Drawing Rights (SDR 71,000,000) (“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 February 15 and August 15 in each year.
- 2.05. 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 carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

- 4.02. 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 years after the Signature Date.

ARTICLE V— REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in Section 2.02 of this Agreement, 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:

the Recipient's address is:

Ministère de l'Economie et des Finances
B.P. 61
Antananarivo 101
Republic of Madagascar

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

AGREED as of the Signature Date.

REPUBLIC OF MADAGASCAR

By



Authorized Representative

Name: Rindra Hasimbelo Rabarininarison

Title: Ministre de l'Economie et des Finances

Date: 14-Dec-2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Marie-Chantal Uwanyiligira

Title: Country Manager

Date: 13-Dec-2021

SCHEDULE 1

Project Description

The objective of the Project is to improve access to basic infrastructure and livelihood opportunities and strengthen local governance in southern Madagascar with a primary focus on youth and women, and to provide a rapid and effective response to the Food Security Crisis and other Eligible Crisis or Emergency.

The Project consists of the following parts under Schedule 1 of the Original Financing Agreement as modified:

Part 1: Strengthening Decentralized Local Governments, Participatory Planning and Social Resilience

A. Strengthening the Decentralized Territorial Collectivities on Community-based Planning

- (a) Strengthening the organizational capacity of Local Consultation Structures (“SLC”) and Local Development Agents (“ADL”) to serve as platforms of participatory planning and support the prioritization process and implementation of activities under the Project through the provision of technical assistance in areas such as: (i) socio-organizational capacity building; (ii) participatory planning and participatory budgeting; (iii) Project implementation including aspects of procurement and financial management; (iv) operating procedures on the integration of sensitive climate change planning into community development priorities; (v) change management; and (vi) monitoring and evaluation.
- (b) Improving local governance performance of decentralized local governments as further defined at the PIM through: (i) providing technical assistance on, *inter alia*, financial management, procurement, participatory planning, budgeting, accountability, revenue and tax management, grants preparation, leadership skills, monitoring skills to assess communes’ performance; (ii) providing Training to contracted communes’ agents on prevention of gender-based violence; and (iii) providing, through FDL, Rehabilitation Commune Grants to selected local commune amounting to a maximum ceiling of fifteen thousand Dollars (\$15,000) per selected municipality, all as further defined in the PIM.

B. Strengthening Social Resilience, Citizen Engagement, and Conflict Prevention

- (a) Promoting social resilience through:

- (i) developing a participatory mapping of vulnerabilities of communes' inhabitants and a mapping of donors' financing in the communes and the household recipients of social protection schemes;
 - (ii) carrying out social activities targeted to members of the selected communes and/or community-based groups ("CBG") including *inter alia*, mentoring for youth, sports activities, Training sessions about gender-based violence, local conflict mediation training for community leader, and women's empowerment, and sexual health sessions;
 - (iii) providing leadership programs to selected women and youth to strengthen their participation in local development processes; and
 - (iv) providing technical assistance to strengthen local grievance redress mechanism.
- (b) Supporting the establishment of a community-based Early Warning and Response System ("EWRS") through:
- (i) providing technical assistance and Training to selected monitors;
 - (ii) developing an information-based system between ADLs, the SLC and the N-PMU to feed reported incidents into the geoportal of the Project and serve as a coordination mechanism with CROC at the regional level and BNGRC for risks related to natural disasters and food insecurity; and
 - (iii) carrying out early response activities to address traditional conflicts including *inter alia*, mediation, fact finding missions, and sensitization.
- (c) Carrying out regional and national communication campaigns to raise awareness on social issues and Project information dissemination.

Part 2: Resiliency Infrastructure

A. Commune Resiliency Grants

Improving access to basic services and infrastructure through the provision of Commune Resilience Grants to finance selected Commune Resiliency Sub-projects including, *inter alia*, the construction, upgrading or rehabilitation of: (a) small-scale community infrastructure; (b) water supplies (boreholes, pipeline connections); (c) school buildings; (d) health centers; and (e) access roads, all as further defined in the PIM.

B. Regional Water Resiliency Infrastructure

Improving the water resiliency infrastructure in underserved communities in the regions of Androy, Anosy and Atsimo Andrefana through:

- (a) Carrying out of technical studies covering *inter alia*: (i) the assessment of the operational statuses of existing pipelines for drinking water; (ii) the identification of needed water extensions; and (iii) the assessment of the availability of water resources in selected areas.
- (b) Carrying out the installation of pipelines connections and extension.
- (c) Providing technical assistance, capacity building, and Training to SLC and ADL on water development.
- (d) Carrying out a communication campaign promoting the use of safe water and hygiene measures for prevention and protection against the COVID-19 pandemic.

C. Improving Access to Protected and Sustainable Multi-use Water Sources

- (a) Undertaking feasibility studies towards investments in larger water infrastructure in the Project's area; a strategic analysis of the status of water points in the Project's area and the establishment of a database towards improved and sustainable water management.
- (b) Carrying out works to upgrade existing water points to multi-purpose mini grids with energy storage batteries to optimize water production and energy efficiency.
- (c) Carrying out the construction and reinforcement of selected water points with a solar pumping system and a mini multi-purpose network, with a desalination system.
- (d) Undertaking technical assessments and outreach campaigns to ensure the sustainability of the water systems, including through operation and maintenance.

Part 3: Supporting Resilient Livelihoods

A. Support for Community-based Groups and Local Value Chains

Supporting community members to meet basic needs, increase their financial inclusion, and build social empowerment through:

- (a) Carrying out: (i) a market analysis to identify promising markets in Southern Madagascar; (ii) livelihood assessments to identify how individual households can best engage and trade with the markets identified above and identify suitable livelihood activities; and (iii) local market assessments.
- (b) Support to eligible Self-Help Groups' members ("SHGs") through: (i) provision of small seeds grants as further defined in the Livelihoods Grant Operating Manual; (ii) provision of technical assistance to set up a governance and savings mechanisms; and (iii) carrying out basic Training on financial literacy, soft skills, and livelihoods support.
- (c) Support to eligible Livelihood Groups ("LGs") through:
 - (i) providing matching grants as further defined in the Livelihoods Grant Operating Manual to finance *inter alia*, selected agriculture, fishery, handicraft production, local or community services, tourism support activities, as further defined in the Livelihoods Grant Operating Manual;
 - (ii) providing coaching and mentoring assistance;
 - (iii) carrying out Training on financial management, business planning and technical skills; and
 - (iv) providing technical assistance in market support for diversification and expansions of livelihoods opportunities.

B. Irrigation Schemes for Resilient Livelihoods

Carrying out rehabilitation of selected small and medium irrigation schemes to support livelihoods opportunities in the targeted districts.

C. Restoring Food Production Capacity and Strengthening Resilience of Food and Livelihoods Systems

- (a) strengthen relevant Recipient agencies to improve oversight and coordination on related technical aspects;
- (b) supporting surveillance and control measures, and capacity-building of the Recipient's national anti-locust agency;
- (c) providing: (i) Cash Transfers to Eligible Beneficiaries; (ii) delivery of accompanying measures, including the provision of seeds and technical assistance; and (iii) payment of transfer fees; and

- (d) carrying out the rehabilitation of selected seeds systems, support to reconstitution of seed stocks, and promotion of agricultural diversification and climate-smart technologies.

D. Develop Green Infrastructure and Resilient Landscapes

Reducing the harmful effect of “tiomena” and the advancing of dunes to protect crop fields and limit desertification in selected areas through *inter alia*: (a) installation of wind breaks; (b) setting up nurseries to provide adaptive vegetation; (c) reforestation activities in selected areas; (d) support to productive agroforestry; and (e) awareness-raising activities about climate change, natural resources management techniques and related capacity-building.

Part 4: Implementation Support and Knowledge Learning

A. Project Implementation and Geospatial Knowledge Platform

Provision of support for the operation of the National Project Management Unit (“N-PMU”) and strengthening its capacity in the management, monitoring, evaluation, and audits of the Project (including handling technical, administrative, fiduciary, and safeguard-related aspects), through, *inter alia*: (a) technical assistance; (b) carrying out environmental and social impact assessments; (c) carrying out evaluation studies; (d) establishing the Project’s monitoring and evaluation system including a geo-spatial platform for monitoring the activities of the Project; (e) Operating Costs; and (f) the carrying out of Training activities.

B. Studies and Preparatory Analysis

Carrying out studies and intensive participatory consultations, planning and feasibility studies for the Project’s water and infrastructure activities and for the series of projects.

C. Institutional Support and Capacity Building for the Crisis Response

Providing relevant Recipient agencies, including at the regional level, with the resources and institutional capacity to lead the national crisis response, including through the financing of the Recipient’s crisis response plan and related outreach, coordination, and supervision.

Part 5: Contingent Emergency Response Component (“CERC”)

Providing immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain the following institutional arrangements, further described in the PIM throughout the implementation of the Project:

1. Ministry of Interior and Decentralization

The Recipient shall vest responsibility for overall coordination and implementation of the Project in the Ministry of Interior and Decentralization.

2. National Steering Committee

- (a) The Recipient shall maintain a National Steering Committee, with composition and mandate acceptable to the Association.
- (b) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Inter-Ministerial Steering Committee shall be chaired by the Recipient's minister in charge of interior and decentralization or his/her representative and include representatives of: (i) the ministry in charge of water, sanitation, and hygiene; (ii) the ministry in charge of agriculture and animal husbandry; (iii) the ministry in charge of land management and services; (iv) the ministry in charge of economy and finance; (v) ministry in charge of youth and sport, (vi) ministry in charge of population, safety net, and women empowerment, (vii) ministry in charge of the environment and sustainable development, (viii) ministry in charge of fisheries and blue economy, and (ix) governors of the three selected regions, or any other members as the Recipient may select in a manner satisfactory to the Association, with functions, human and financial resources satisfactory to the Association.
- (c) The Recipient shall thereafter maintain the National Steering Committee to be responsible for, *inter alia*, overall strategic and ensure consistency and support for the multi-sectoral Project activities and guidance on Project implementation and will review and approve annual work plans.
- (d) The Recipient shall ensure that the National Steering Committee meets at least twice a year.

3. National Project Management Unit (“N-PMU”)

- (a) The Recipient shall maintain at all times during Project implementation, a N-PMU within the Ministry of Interior and Decentralization, with a mandate, composition and resources acceptable to the Association.
- (b) Without limitation to the provisions of paragraph (a) immediately above, the N-PMU shall be responsible for the general coordination of the Project, the social and environmental management of the Project, the day-to-day management of the Project as well as the coordination of related activities including, *inter alia*, procurement, accounting, financial and technical reporting, social and environmental management, communication, monitoring and evaluation, ensuring the auditing of the accounts and providing Project progress reports to the National Steering Committee at least once every quarter.
- (c) Without limitation to the provisions of paragraph (a) immediately above, the N-PMU shall include, *inter alia*: (i) a coordinator; (ii) a procurement specialist; (iii) two financial management specialists; (iv) an internal auditor; (v) an accountant; (vi) a monitoring and evaluation specialist; (vii) an agricultural specialist; (viii) an irrigation specialist; (ix) a water specialist; (x) an environmental specialist; (xi) a social specialist; and (xii) a GBV specialist; all recruited on the basis of terms of reference, qualifications, integrity and experience acceptable to the Association.
- (d) Without limitation to the provisions of paragraph (c) immediately above, no later than one (1) month after the Effective Date, the Recipient shall recruit and appoint: (i) one senior accountant, (ii) one additional accountant, and (iii) one internal auditor, on the basis of terms of reference, integrity, qualifications and experience acceptable to the Association.
- (e) No later than December 31, 2021, or any later date agreed upon in writing with the Association, the Recipient shall recruit an external auditor in accordance with the Procurement Regulations, in a manner and with qualifications satisfactory to the Association, and with terms of reference covering the Project, including this additional financing.

4. SLCs

The Recipient shall maintain, throughout the course of the Project implementation, selected SLCs with mandate, composition and resources acceptable to the Association, all as further defined in the PIM.

5. Sectoral Ministries

To facilitate Project implementation, the Recipient, through N-PMU, shall, no later than one (1) month after the Effective Date or any later date agreed upon in writing with the Association, enter into a memorandum of understanding with the sectoral line ministries involved in the Project, namely the Recipient's ministry in charge of water, sanitation, and hygiene, the ministry in charge of agriculture and animal husbandry, and the ministry in charge of the environment and sustainable development, under terms and conditions satisfactory to the Association, which shall set out *inter alia* agreed roles and responsibilities of sectoral ministries under the Project and compliance with the Anti-Corruption Guidelines, for purposes of Project implementation.

B. Project Implementation Manual

1. The Recipient shall maintain, in accordance with terms of reference acceptable to the Association, a Project Implementation Manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) monitoring, evaluation, reporting and communication; (c) administration, financial management and accounting; and (d) such other administrative, technical and organizational arrangements, and procedures as shall be required for purposes of implementation of the Project.
2. Prior to the carrying out of relevant activities under this Financing, the Recipient shall update the Project Implementation Manual in form and substance acceptable to the Association, to include, *inter alia*: (a) an elaboration of the eligibility criteria, modalities, terms and conditions, and procedures for preparation, targeting, approval, payment, verification, monitoring, evaluation, reporting and auditing of Cash Transfers under Part 3.C.c.(i) and, as needed, Part 3.D of the Project; (b) a section on environmental and social risk management; and (c) additional financial management measures, including satisfactory reporting and auditing arrangements and adequate flow of funds description, for purposes of implementing the UN Agreements and the memoranda of understanding referred to in Section I.A.5. of this Schedule.
3. The Recipient shall implement the Project, and cause the Project to be implemented by *inter alia* the UN Agencies, in accordance with the Project Implementation Manual, provided, however, that, in the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, this Agreement shall prevail.
4. Except as the Association shall otherwise agree, the Recipient shall not amend, waive or otherwise modify the Project Implementation Manual, or any provision thereof if, in the opinion of the Association, such amendment, waiver or other

modification may materially and adversely affect the implementation of the Project.

C. Cash Transfers

1. The Recipient shall ensure, and cause the UN Agencies to ensure, that:
 - (a) No Eligible Beneficiary shall be eligible to receive Cash Transfers unless the Recipient shall have determined, that said Eligible Beneficiary has met the requirements set out in the Project Implementation Manual; and
 - (b) Cash Transfers are made to the intended Eligible Beneficiary: (i) in accordance with eligibility criteria and procedures acceptable to the Association, as described in the Project Implementation Manual, (ii) following targeting and registration criteria acceptable to the Association, as described in the Project Implementation Manual; (iii) under payment modalities with service providers acceptable to the Association; and (iv) for the purposes intended by the Project.

D. Environmental and Social Standards

1. The Recipient 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 Recipient 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 Recipient shall, and shall cause UN Agencies 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. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date,

the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.

4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient 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.
6. The Recipient 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.
7. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and 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.

E. Agreements with UN Agencies

1. For purpose of carrying out Parts 2.C.(a), 2.C.(b), and 3.C. of the Project, the Recipient shall enter into and thereafter maintain throughout the period of Project implementation, an agreement with each FAO and UNICEF (“collectively the “UN Agencies”), under terms and conditions approved by the Association (the “FAO Agreement” and “UNICEF Agreement” as appropriate, together the “UN Agreements”), whereby the Recipient shall: (a) hire the services of FAO and UNICEF, as appropriate, to implement the above referred Parts’ activities in accordance with the provisions of the Project Operations Manual, and the requirements of the ESSs and ESCP, and (b) agree the direct payment/advance of the proceeds of the Financing from the Association to FAO and UNICEF, as appropriate.
2. The Recipient shall exercise its rights under the UN Agreements 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 Recipient shall not assign, amend, abrogate or waive the agreements or any provision contain therein (whether in whole or in part).
3. In the event of any conflict between the provisions of any of the UN Agreements, on the one side, and those of this Agreement, on the other, the provisions of this Agreement shall prevail.

F. Use of Military and/or Security Actors and Ineligibility of Expenditures Used for Law-Enforcement, Military or Paramilitary Purposes

1. All activities carried out by security consultants/consulting firms and/or the Recipient’s security or armed forces under the Project shall be under the control of the Ministry of Interior and Decentralization and/or the UN Agencies, as the case may be, and shall be undertaken exclusively for the purposes related to the Project. All goods, works, services, incremental Operating Costs, and Training financed by the Financing proceeds may be used by the security or armed forces, or paid to the security consultants/consulting firms under the direction and control of either the MID and/or the UN Agencies, and strictly in accordance with the Project Implementation Manual and/or other arrangements or protocols that the Association may require for carrying out these activities.
2. The Recipient further undertakes that no Financing proceeds or Project resources may be used for law-enforcement, military, or paramilitary purposes or for any payments made to any law-enforcement, security, military, or paramilitary forces without the Association’s express approval.

3. The Recipient shall, and shall cause the UN Agencies to, take the following measures related to the use of security or military personnel (including security consultants/consulting firms) when providing security to Project workers, sites and/or assets, in a manner satisfactory to the Association:
 - (a) Adopt and enforce standards, protocols and codes of conduct for the selection and use of security or military personnel, and screen such personnel to verify that they have not engaged in past unlawful or abusive behavior, including sexual exploitation and abuse (“SEA”), sexual harassment (“SH”) or excessive use of force;
 - (b) ensure that the military, security or armed personnel is deployed in accordance with the applicable national law, and the relevant requirements of ESSs, the ESCP, and the plans prepared thereunder;
 - (c) ensure that the military, security or armed personnel is adequately instructed and trained, prior to deployment and on a regular basis, on the use of force and appropriate conduct (including in relation to civilian-military engagement, SEA and SH, and other relevant areas), as set out in the Project Implementation Manual, ESCP, and the plans prepared thereunder;
 - (d) ensure that the stakeholder engagement activities under the Stakeholder Engagement Plan include a communication strategy on the involvement of military, security or armed personnel under the Project; and
 - (e) ensure that any concerns or grievances regarding the conduct of such military, security or armed personnel are received, monitored, documented (taking into account the need to protect confidentiality), resolved through the Project’s grievance mechanism; and reported to the Association no later than forty-eight (48) hours after being received.

G. Preparedness Plan

The Recipient shall ensure that not later than six (6) months after the Effective Date, a Preparedness Plan is prepared and adopted in form and substance acceptable to the Association

Section II. Project Monitoring, Reporting and Evaluation

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.

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:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, works, non-consulting services, and consulting services, Operating Costs and Training for Parts 2.C, 3.C, 3.D and 4.C of the Project.	63,400,000	100%
(2) Cash Transfers under Part 3.C.c.(i) of the Project	7,600,000	100%
TOTAL AMOUNT	71,000,000	

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, except that withdrawals up to an aggregate amount not to exceed \$2,000,000 (two million United States dollars) may be made for payments made prior to this date but on or after October 28, 2021, for Eligible Expenditures under Category (1); or
 - (b) under Category (2), until and unless the Project Implementation Manual has been updated in accordance with Section I.B.2(a) and (c) of Schedule 2 to this Agreement.
2. The Closing Date is May 31, 2025.

APPENDIX

Section I. Definitions

1. “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.
2. “Cash Transfers” means transfer of funds, in the form of grants, on behalf of the Recipient to an Eligible Beneficiary, made or to be made under Part 3.C.(c)(i) or Part 3.D of the Project as an unconditional cash transfer or cash for works grant, and aimed at providing support to mitigate distressed sales and further asset losses, while supporting the recovery and restoration of Eligible Beneficiaries’ productive capacity, under amounts, terms and modalities further set out in the Project Implementation Manual.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Eligible Beneficiary” means an individual or household in the Recipient’s territory meeting the eligibility criteria to receive Cash Transfers, as set out in the Project Implementation Manual. “Eligible Beneficiaries” means the plural thereof.
5. “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.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 28, 2021, 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.
7. “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.

8. “FAO” means Food and Agriculture Organization.
9. “Food Security Crisis” means an event or events driven by natural disasters, economic shocks, and/or public health threats, which pose a significant threat of becoming a large-scale food insecurity crisis within a country or across countries, in accordance with criteria acceptable to the Association.
10. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
11. “MID” and “Ministry of Interior and Decentralization” means the Recipient’s ministry in charge of interior and decentralization or its legal successor thereto.
12. “National Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement, and further described in the PIM.
13. “N-PMU” or “National Project Management Unit” means the unit established within MID and maintained until the completion of the Project, responsible for the management, coordination, supervision and monitoring of the Project.
14. “Original Financing Agreement” means the Financing Agreement No. D751-MG between the Recipient and the Association, dated December 17, 2020, as may be amended.
15. “Preparedness Plan” means the plan referred to in Section I.G. of Schedule 2 to this Agreement, setting out the operational procedures to respond to and contain a Food Security Crisis.
16. “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.
17. “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.

18. “UN Agencies” means collectively FAO and UNICEF.
19. “UN Agreements” means the agreements between the Recipient and each UN Agencies, under terms and conditions and in a manner satisfactory to the Association, referred to in Section I.E of Schedule 2 to this Agreement.
20. “UNICEF” means the United Nations Children’s Emergency Fund, a specialized agency of the United Nations responsible for providing humanitarian and developmental aid.

Section II. Amendments to the Original Financing Agreement

The Original Financing Agreement is hereby amended as follows:

1. The PDO to the Original Financing Agreement is amended to read as follows:
“The objective of the Project is to improve access to basic infrastructure and livelihood opportunities and strengthen local governance in southern Madagascar with a primary focus on youth and women, and to provide a rapid and effective response to the Food Security Crisis and other Eligible Crisis or Emergency.”
2. Schedule 1 to the Original Financing Agreement is amended as reflected in Schedule 1 to this Agreement.
3. Section I.A.2. of Schedule 2 to the Original Financing Agreement is amended as reflected in Section I.A.2. of Schedule 2 to this Agreement.
4. A Section I.G. is hereby added to Schedule 2 to the Original Financing Agreement to reflect Section I.E of Schedule 2 to this Agreement.
5. The table of Section III of Schedule 2 is amended as following:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, works, non-consulting services, and consulting services, Operating Costs and Training for the Project except Part 2.A(a), 3.A(b), and 3.A(c)	40,200,000	100%

(2) Commune Resiliency Grant under Part 2.A(a) of the Project	20,200,000	100%
(3) Livelihood and Seed Grants under Part 3.A(b) and Part 3.A(c) of the Project	800,000	100%
(4) Refund of Preparation Advance	1,049,675	Amount payable pursuant to Section 2.07(a) of the General Conditions
(5) Emergency Expenditures under Part 5 of the Project (CERC)	8,650,325	100%
TOTAL AMOUNT	70,900,000	

6. The National Project Implementation Unit as referred to in the Original Financing Agreement is hereby referred to as National Project Management Unit, as defined hereinafter.
7. Definitions No. 12 and 13 in Appendix to this Agreement are hereby replicated in the Original Financing Agreement in their respective alphabetical order, renumbered accordingly.