

CONFORMED COPY

CREDIT NUMBER 3180-1-MAG
(Amendment)

Agreement Amending
Development Credit Agreement

(Third Social Fund Project)
Cyclone Rehabilitation Activities

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 21, 2000

CREDIT NUMBER 3180-1-MAG
(Amendment)

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 21, 2000 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 (Third Social Fund Project Credit 3180 MAG) dated April 6, 1999 (the Development Credit Agreement), for the purpose of providing support during the execution of the Third Social Fund 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 thirteen million seven hundred thousand Special Drawing Rights (SDR 13,700,000); 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 deleting the "and" at the end of Subsection (a), substituting "; and" for "." at the end of Subsection (b) and adding a new Subsection (c) as follows:

"(c) "Amending Agreement" means the agreement amending the Development Credit Agreement (Third Social Fund Project) between the Borrower and the Association, dated April 6, 1999".

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 four million four hundred thousand Special Drawing Rights (SDR 24,400,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to ten million seven hundred thousand Special Drawing Rights (SDR 10,700,000) (the Initial Financing); and (b) an additional amount in various currencies equivalent to thirteen million seven hundred thousand Special Drawing Rights (SDR 13,700,000) (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 December 31, 2002 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 this 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) For the purpose of: (A) the Initial Financing, subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15, commencing June 15, 2009, and ending December 15, 2038. Each installment to and including the installment payable on December 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) the Additional Financing, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15, commencing December 15, 2010, and ending June 15, 2040. Each installment to and including the installment payable on June 15, 2020, 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. Schedule 1 of the Development Credit Agreement is hereby revised as indicated in the Annex 1 to this Amending Agreement.

Section 1.07. Schedule 2 to the Development Credit Agreement shall be amended to read as indicated in the Annex 2 to this Amending Agreement.

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until:

(a) 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; and

(b) the Convention between the Borrower and FID has been amended in form and substance satisfactory to the Association.

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

By /s/ Zina Andrianarivelo-Razafy
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo
Regional Vice President
Africa

ANNEX 1

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
1. Works and goods	19,470,000	90%

	for Sub-projects		
2.	Consultancy services foreign and training under and Sub-projects	890,000	100% of expenditures 90 of local expenditures
3.	Technical assistance, foreign audits and training and	530,000	100% of expenditures 90% of local expenditures
4.	Equipment, foreign vehicles, furniture expenditures and and materials	475,000	100% of 90% of local expenditures
5.	Operating costs	1,725,000	90%
6.	Unallocated	1,310,000	
	TOTAL	24,400,000	

ANNEX 2

SCHEDULE 2

Description of the Project

The objectives of the Project are to alleviate poverty and support community development through provision of financial resources to support Sub-projects of benefit to the communities.

The Project consists of the following activities, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

1. Provision of financial resources to FID to finance Sub-projects as follows in all six of the provinces of the Borrower:

(a) construction and rehabilitation of basic infrastructure, including schools, health centers, water supply, small irrigation perimeters, rural roads, markets, small bridges, as well as activities relating to reforestation and protection of the environment; and

(b) private sector support programs, including training programs for small enterprises and consulting firms, and development of grassroots community groups and decentralization collectivities, and local NGOs.

2. Provision of financial resources for the rehabilitation or construction of demand driven community infrastructure sub-projects in the areas affected by cyclones in the year 2000, including technical advisory services and training to beneficiary associations, communes, service providers, NGOs, and local firms and companies.

* * *

The Project is expected to be completed by June 30, 2002.

