

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 3717-MAG

**Agreement providing for the
Amendment and Restatement of the
Development Credit Agreement**

(Rural Transport Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 20, 2010

Public Disclosure Authorized

CREDIT NUMBER 3717-MAG

**AGREEMENT PROVIDING FOR THE AMENDMENT AND RESTATEMENT
OF THE DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated September 20, 2010, entered into between REPUBLIC OF MADAGASCAR (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — AMENDMENT AND RESTATEMENT

- 1.01. The Development Credit Agreement is hereby amended and restated so as to read as set forth in the Annex hereto.

ARTICLE II — TRANSITIONAL PROVISIONS

- 2.01. Except as provided below, the 2010 Guidelines (as defined in the Annex to this Agreement) shall apply to all contracts for goods, works and services under the Project, whether entered into before or after the date of this Agreement.
- 2.02. Where, in the case of contracts entered into on or before March 17, 2009, the relevant contracts do not provide for the application of the 2010 Guidelines or otherwise allow for such application, the applicable guidelines shall be those which applied immediately prior to the date of this Agreement.

AGREED at Antananarivo, Republic of Madagascar, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

By: /s/ Jean Noël Ranaivoson

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Constantine Chikosi

Authorized Representative

ANNEX

CREDIT NUMBER 3717-MAG

Financing Agreement

(RESTATED)

(Rural Transport Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated: November 15, 2002

CREDIT NUMBER 3717-MAG

FINANCING AGREEMENT

AGREEMENT, dated November 15, 2002, entered into between REPUBLIC OF MADAGASCAR (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 2.03. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 2.04. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty million seven hundred thousand Special Drawing Rights (SDR 60,700,000) (variously, “Credit” and “Financing”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is the United States Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
 - (b) The annual technical, financial and organizational audit of the Program reveals serious shortcomings or other deficiencies in its implementation.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2003.
- 4.03. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraph (b) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Project Account has been duly opened, and the amount of the initial advance deposited therein in accordance with Section V.1 of Schedule 2 to this Agreement.
 - (b) The Recipient has established a financial accounting and management system acceptable to the Association, and recruited the auditors referred to in Section II.B of Schedule 2 to this Agreement under terms, conditions and terms of reference acceptable to the Association, and in accordance with the provisions of Section III.C of Schedule 2 to this Agreement;
 - (c) The Project Implementation Plan has been duly adopted by the Recipient in form and substance acceptable to the Association.
 - (d) An accountant and an information technology specialist have been duly recruited under terms, conditions and terms of reference acceptable to the Association, and in accordance with the provisions of Section II of Schedule 2 to this Agreement.
- 5.02. The Effectiveness Deadline is the date 90 days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (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 fifteen years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Recipient's Minister of Finance.

6.02. The Recipient's Address is:

Ministry of Finance and Budget
B.P. 61
Antananarivo 101
Madagascar

Cable address:

Facsimile:

MFB
Antananarivo

(261) 20 22 34530

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

REPUBLIC OF MADAGASCAR

By: (sd) Zina Andrianarivelo Razafy
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: (sd) Callisto Madavo
Regional Vice President, Africa

SCHEDULE 1

Project Description

The objective of the Project is an increased use of rural roads by residents of beneficiary rural communes.

The Project constitutes the second phase of the Program, and consists of the following parts:

Part A: Capacity Building for Implementation of Rural Transport Policy and Strategy

Provision of technical advisory services and support services to update the rural transport policy and strategy and assist the Recipient in the implementation thereof, including:

- (a) development of the Recipient's capacity to facilitate the coordination and implementation of the rural transport policy and strategy, and monitor its progress;
- (b) provision of support and guidance to decentralized organs of government in the management of their road networks; and
- (c) implementation of an information, education and communication campaign to disseminate information about the rural transport policy and strategy, the *Charte routière*, RMF, HIV/AIDS and other social issues.

Part B: Rehabilitation of Rural Transport Infrastructure

1. Implementation of a program of improvement of the rural road network involving about 1,400 kilometers of rural roads, to be selected in accordance with criteria which shall include the cost of upgrading each link to basic access standard, population served, social and environmental considerations and developmental priorities.
2. Provision of technical assistance to monitor the impact of rural roads rehabilitation, including on food prices.
3. Rehabilitation of approximately 91 km of RN 25, approximately 156 km of RN 1 bis; approximately 119 km of RN 8 a; approximately 17 km of RNS 30.

Part C: Maintenance of Rural Road Network

1. Implementation of a financial and technical audit to provide feedback on the execution of the rural road network maintenance program financed by RMF.
2. Provision of technical advisory services and material support to strengthen RMF and enhance its efficiency.
3. Adoption, in consultation with local authorities, the RA, and MPWM, of an efficient maintenance program designed to secure the investments made in the rural road sector.

Part D: Additional Emergency Rehabilitation Works

1. Rehabilitation of sections of RN44 between Moramanga and Lake Alaotra, including rehabilitation or replacement of about seven bridges, surface treatment of a total stretch of some 35 km of road and stabilization of gullies.
2. Rehabilitation or reconstruction of three metallic bridges along RN13.
3. Construction of jetties along rivers on the coast of Madagascar to provide for safe and smooth decking and mooring of ferries, and facilitate travel along the national road network for cars and trucks.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall ensure that, at all times during Project implementation:
 - (a) MPWM and MT shall ensure proper overall oversight of Project implementation by implementing agencies, and coordination with technical ministries and other relevant entities; and
 - (b) RA shall be maintained with staff having qualifications and experience satisfactory to the Association, and with adequate resources to ensure proper technical supervision of road activities.
2. The Recipient shall maintain the FMA Contract, and exercise its rights thereunder in such manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the FMA Contract, or any of its provisions.
3. (a) The Recipient shall prepare and thereafter adopt a Project Implementation Plan, giving details of all operational guidelines and procedures as shall have been agreed with the Association for the implementation, monitoring and supervision of the Project, including
 - (i) performance indicators, monitoring and evaluation guidelines, environmental assessment methodology;
 - (ii) administrative, accounting and financial procedures;
 - (iii) procurement and disbursement guidelines;

- (iv) guidelines for the payment of compensation and resettlement of Displaced Persons consistent with the RPF, including, as they become available, details of individual RAPs; and
 - (v) details of the TSEA and EMPs, as available.
 - (b) The Recipient shall carry out the Project in accordance with procedures set out in the Project Implementation Plan, and, except as the Association shall 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.
- 4.
 - (a) The Recipient shall, not later than May 31 of each year, undertake, in conjunction with the Association and other interested parties, an annual review of the Project or, in the case of the review to be undertaken not later than May 31, 2005, a midterm review, during which they shall exchange views generally on all matters relating to the progress of the Project and the Program, and the performance by the Recipient of its obligations under this Agreement, including the progress achieved by the Recipient under the Project and the Program, having regard to the monitoring indicators agreed upon between the Recipient and the Association.
 - (b) Not later than one month prior to the review, the Recipient shall furnish to the Association, for its comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project and status of the Program, and giving details, in particular, of the various matters to be discussed at such review.
 - (c) Following the review, the Recipient undertakes to act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project and the Program, or to implement such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. Using the TSEA and, wherever applicable, the RPF as a basis for further and more detailed social and environmental analysis, the Recipient shall develop, in respect of each Subproject:
 - (a) prior to the approval of bid documents for the Subproject:
 - (i) an Environmental Assessment (EA), acceptable to the Association, giving details of the social and environmental status, and potential environmental risks and adverse impacts, which are specific to the Subproject, along with proposed mitigation measures;
 - (ii) an Environmental Management Plan (EMP), acceptable to the Association, giving details of measures appropriate or required to manage potential environmental risks and mitigate adverse impacts associated with the Subproject, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the EMP; and
 - (iii) wherever applicable, a Resettlement Action Plan (RAP), acceptable to the Association, giving details of a program of actions, measures and policies consistent with the RPF, and designed to facilitate the compensation and resettlement of Displaced Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, and budget and cost estimates, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the RAP; and
 - (b) proceed thereafter to implement the EMP and, wherever applicable, the RPF, in accordance with the guidelines, timetable and other specifications set forth in the EMP and RAP, respectively.
2. The Recipient shall submit quarterly consolidated reports on compliance with social and environmental safeguard measures under the Project, giving details of measures taken in furtherance of the TSEA, RPF, EMPs and RAPs, conditions, if any, which interfere or threaten to interfere with the smooth implementation of the

TSEA, RPF, EMPs and RAPs, and remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association, not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Selection Based on Consultants' Qualifications
(b) Individual Consultants
(b) Single Source Selection

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Civil works	53,625,000	100%
(2) Goods	142,300	100%
(3) Consultants' services and audits	5,313,400	100%
(4) Training	223,100	100%
(5) Operating costs	700,000	100%
(6) Unallocated	596,200	
(7) Amount cancelled	100,000	
TOTAL AMOUNT	60,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; or
 - (b) in respect of payments made in any Fiscal Year for expenditures under Category (4), unless an annual training program for that Fiscal Year has been submitted to, and approved by, the Association, and the proposed expenditure is part of, or consistent with, the annual training program as approved.
2. The Closing Date is December 31, 2012.

Section V. Other Undertakings

1. Without limitation upon its obligations under Section 3.01 of this Agreement, the Recipient shall:
 - (a) maintain, in a commercial bank and on terms and conditions satisfactory to the Association, an advance account in the currency of the Recipient (hereinafter referred to as the Project Account), into which it shall deposit from time to time its local counterpart contribution, if any, to the cost of the Project;
 - (b) deposit into the Project Account an initial advance equivalent to \$500,000, and thereafter replenish the Project Account from time to time, as shall be agreed with the Association; and
 - (c) ensure that funds deposited into the Project Account shall be used only for the purposes of defraying the cost of expenditures incurred in the execution of the Project which are not financed out of the proceeds of the Credit.

2.
 - (a) The Recipient shall establish and maintain a Road Maintenance Fund (RMF) to provide timely and adequate resources for road maintenance under terms and conditions which shall be acceptable to the Association, including clear, transparent and efficient criteria for financing of rural road maintenance, clear and transparent guidelines governing oversight of RMF, clarification of the role of local governments, provision for independent technical, financial and organizational audits to monitor the operations of RMF, and an increasing share of road user charges in the aggregate resources of RMF.
 - (b) The Recipient shall, beginning January 1, 2003:
 - (i) take steps to have technical, financial and organizational audits of the RMF undertaken on a semi-annual basis; and
 - (ii) promptly after the completion of each such audit and, in any event, not later than three (3) months after the end of the reporting period to which it relates, forward the report of such audit to the Association, for review and comments.

- (c) No later than June 30, 2011, the Recipient shall: (i) prepare a plan, and budget satisfactory to the Association, for the maintenance of rural roads rehabilitated under the Project; and (ii) reflect the same in the RMF budget for the subsequent year.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2012, to and including May 15, 2022	1%
commencing November 15, 2022, to and including May 15, 2042	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Co-financier” means any of the following Co-financiers referred to in paragraph 10 of the Appendix to the General Conditions: African Development Bank (AfDB), United States Agency for International Development (USAID), European Union (EU), Norwegian Agency for Development Cooperation (NORAD), Japan International Cooperation Agency (JICA) or *Agence Française de Développement* (AFD).
4. “Co-financing” means:
 - (a) in the case of AfDB, a loan in an amount equivalent to seven million four hundred thousand dollars (\$7,400,000);
 - (b) in the case of USAID, a grant in an amount of two million seven hundred thousand dollars (\$2,700,000);
 - (c) in the case of EU, a grant in an amount equivalent to nineteen million six hundred thousand dollars (\$19,600,000);
 - (d) in the case of NORAD, a grant in an amount equivalent to four million dollars (\$4,000,000);
 - (e) in the case of JICA, a grant in an amount equivalent to one million seven hundred thousand dollars (\$1,700,000); and
 - (f) in the case of AFD, a grant in an amount equivalent to three million dollars (\$3,000,000), provided or to be provided by the Co-financier to assist in financing the Project.

5. “Co-financing Agreement” means any of the agreements between the Recipient and the Co-financier providing for the Co-financing.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “Displaced Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
8. “Environmental Management Plan” or “EMP” means an Environmental Management Plan referred to in paragraph I.C.1 (a) (ii) of Schedule 2 to this Agreement.
9. “FMA” means the Fiduciary Management Agent in charge of carrying out procurement and financial management activities under the Project;
10. “FMA Contract” means the contract, dated November 27, 2009, between the Recipient and FMA, vesting responsibility in FMA for the management of the fiduciary aspects of implementation of the Project, as same may be amended from time to time in agreement with the Association, and such term includes any schedules to the FMA Contract.
11. “Fiscal Year” means the Recipient’s fiscal year beginning on January 1 in any one calendar year and ending on December 31 in the same calendar year.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
13. “Ministry of Public Works and Meteorology” or “MPWM” means the Recipient’s ministry in charge of public works.
14. “Ministry of Transport” or “MT” means the Recipient’s ministry in charge of transport.

15. “National Transport Policy and Road Sector Strategy” means the Recipient’s statement of national transport policy and road sector strategy, dated April 6, 2000.
16. “Operating Costs” means the incremental operating costs arising under the Project on account of local contractual support staff salaries, employment benefits, travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation, maintenance and repair; office rental and maintenance, materials and supplies; and utilities and communications’ expenses; and bank charges.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 9, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. “Program” means, collectively, the National Transport Policy and Road Sector Strategy, Rural Transport Policy and Strategy, and Transport Policy and Strategy Amendment.
20. “Project Implementation Plan” means the Project Implementation Plan referred to in paragraph I.A.3 of Schedule 2 to this Agreement, as same may be amended from time to time in agreement with the Association, and such term includes any schedules to the Project Implementation Plan.
21. “Resettlement Action Plan” or “RAP” means a Resettlement Action Plan referred to in paragraph I.C.1 (a) (iii) of Schedule 2 to this Agreement.
22. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework, dated January 18, 2002, issued by the Recipient, and describing a program of actions, measures and policies designed to avoid or minimize any adverse impact or hardship to Displaced Persons as a result of the Project or, if such adverse impact or hardship cannot be avoided altogether, provide for the compensation and resettlement of such Displaced Persons as may be appropriate.
23. “RMF” means the Road Maintenance Fund established pursuant to the Recipient’s Law No. 1997-97035, dated December 1, 1997.

24. “RN” means *route nationale*, or national road, and references to RN numbers shall be construed as references to the corresponding national roads as laid down pursuant to the *Charte Routière* defined under Law No. 98-026, dated January 20, 1999, governing the classification of its road network.
25. “RA” means “Road Authority”, the Recipient’s agency established pursuant to the Recipient’s law No. 2005-046 dated April 24, 2006, and responsible for the national road network.
26. “Rural Transport Policy and Strategy” means the Recipient’s statement of rural transport policy and strategy, dated May 30, 2001, describing a program of actions, objectives and policies, designed to improve the rural population’s access to markets and basic social services in order to promote economic development and enhance rural livelihood.
27. “Subproject” means any civil works, or other rail or road network construction, rehabilitation or maintenance activity, under the Project.
28. “Transport Policy and Strategy Amendment” means the Recipient’s amendment statement, dated September 17, 2002, amending and supplementing the contents of both the National Transport Policy and Road Sector Strategy, and the Rural Transport Policy and Strategy, and declaring its commitment to the execution of the actions, objectives and policies described in both the National Transport Policy and Road Sector Strategy and the Rural Transport Policy and Strategy, as amended and supplemented by the Transport Policy and Strategy Amendment.
29. “Transport Sector Environmental Assessment” or “TSEA” means the Recipient’s Transport Sector Environmental Assessment, dated September 27, 1999, consisting of a detailed analysis of the social and environmental impacts associated with the Program, and giving details of measures appropriate or required to manage potential environmental risks and mitigate adverse impacts associated with the Program.
30. “Training” means training activities included in the annual training program and approved by the Association, comprising seminars, workshops and study tours, along with costs associated with such activities, including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other charges directly related to course preparation and implementation but excluding consultants’ services.

31. “2010 Guidelines” means, collectively, the Anti-Corruption Guidelines, Consultant Guidelines and Procurement Guidelines.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“...(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made

by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”