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CREDIT NUMBER 5708-MG

# Financing Agreement

(Social Safety Net Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 23 NOV , 2015

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**CREDIT NUMBER 5708-MG**

**FINANCING AGREEMENT**

AGREEMENT dated 13 NOV, 2015, entered into between the 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) constitute an integral 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 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 twenty-eight million five hundred thousand Special Drawing Rights (SDR 28,500,000) (variously, "Credit" and "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 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Payment Dates are February 15 and August 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 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 Part C of the Project through the MPSPPW and cause Parts A and B of the Project to be carried out by the Project Implementing Agency in accordance with the provisions of Article IV of the General.
- 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Recipient has adopted the Operational Manuals, in form and substance acceptable to the Association.
  - (b) The Project Implementing Agency has recruited qualified staff as set forth in Section I.A.2(c) of Schedule 2 to this Agreement, under terms of reference and conditions acceptable to the Association and in accordance with the terms of Section III of Schedule 2 to this Agreement.
  - (c) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Agency.
- 4.02. The Additional Legal Matters consist of the following:

The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Agency and is legally binding upon the Recipient and the Project Implementing Agency in accordance with its terms.
- 4.03. The Effectiveness Deadline is the date ninety days (90) days after the date of this Agreement.
- 4.04. 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 twenty years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient's Representative is the Recipient's minister responsible for finance.

5.02. The Recipient's Address is:

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

Cable address:

Facsimile:

MFB  
Antananarivo

(261) 20 22 34530

5.03. 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

Title: Leaves of Grass by Walt Whitman

Title: COUNTRY DIRECTOR

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to support the Recipient in increasing the access of extremely poor households to safety net services and in laying the foundations for a social protection system.

The Project consists of the following parts:

#### **Part A: Building a Safety Net for the Poor in Selected Rural Areas**

1. **Establish a Productive Safety Net (PSN) Program**

Implementation in PSN Selected Regions of a program providing productive cash-for-work for PSN Eligible Households, or direct transfers for labor-constrained PSN Eligible Households.

2. **Expansion of the Human Development Cash Transfers (HDCT) pilot**

Implementation in HDCT Selected Regions of a human development cash transfers program linked to primary school attendance for children of HDCT Eligible Households.

3. **Early Recovery Response to Natural Disasters (ERR)**

Support for disaster response, through: (a) cash-for-work activities; and (b) the rehabilitation and reconstruction of damaged infrastructure, in affected communities in Eligible Disaster Situations.

#### **Part B: Strengthening safety net administration, monitoring and social accountability**

Strengthening the safety net administration through the provision of support for the coordination, implementation and monitoring of Project activities, the implementation of safeguard requirements, the implementation of a communications strategy, establishing a beneficiary registry, rolling out the electronic payment mechanisms for safety net beneficiaries, strengthening of the Project Implementing Agency's management information and monitoring systems and the general program administration including social accountability mechanisms.

#### **Part C: Building institutional capacity for the coordination, monitoring and evaluation of the Social Protection System**

Strengthening the institutional capacity of MPSPPW to manage the coordination, monitoring and evaluation of the principle social protection programs, through: (a) the creation of a social protection program monitoring system; (b) the establishment of a

beneficiary registry; (c) the evaluation of selected social protection programs; (d) the strengthening of the Ministry's financial management and procurement capacity; (e) the development of a communication strategy; (f) the financing of operational, technical and financial audits; and (g) the implementation of a Training program.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

The Recipient shall maintain the following institutional arrangements, further described in the Operational Manuals, throughout the implementation of the Project.

##### **1. MPSPPW**

- (a) The Recipient shall maintain the function of Secretary General of the MPSPPW with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall maintain at all times sufficient staff within the MPSPPW, each with adequate terms of reference, qualifications and experience for the Project. The Secretary General shall be responsible for overseeing and guiding the technical and fiduciary implementation of Part C.
- (b) The Recipient shall maintain the GDSP within the MPSPPW with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall maintain at all times sufficient staff within the GDSP, each with adequate terms of reference, qualifications and experience for the Project. The GDSP shall be responsible for the operational and fiduciary management of activities under Part C. The GDSP shall include: (i) a project coordinator; (ii) a procurement specialist; and (iii) a financial management specialist; all recruited in accordance with the provisions of Section III of Schedule 2 to this Agreement, and on the basis of terms of reference, qualifications and experience acceptable to the Association.

##### **2. Project Implementing Agency**

- (a) The Recipient shall maintain, or cause to be maintained, the Project Implementing Agency with terms of reference, organization and resources acceptable to the Association.
- (b) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Project Implementing Agency shall be responsible for the coordination and implementation of the Project activities under Parts A and B, including planning, quality oversight, implementation, procurement, financial management, and monitoring of Project activities.



- (c) Without limitation to the generality of the foregoing provisions of paragraph (a) immediately above, the Project Implementing Agency shall maintain the following staff, each on the basis of terms of reference, qualifications and experience satisfactory to the Association, to dedicate at least part of his/her time to the Project: (i) at the central level, a general manager, a financial management director, a PSN and an HDCT operations director, an environment specialist, a procurement specialist, an evaluation and monitoring specialist, a citizen's response and gender specialist, at least 2 accountants and an internal auditor; and (ii) in four (4) of its relevant inter-regional offices: an inter-regional director, an accountant, an environment specialist, an HDCT Coordinator and PSN Coordinator, as relevant.
- 3. The Recipient shall take all necessary measures to ensure that the parties to the Implementation Partnership Agreements fully comply with their obligations under such Implementation Partnership Agreements.
- 4. The Recipient shall ensure that personnel in adequate numbers, each with terms of reference, qualifications and experience satisfactory to the Association, are assigned to the Project.

**B. Other Implementation Arrangements.**

**1. Subsidiary Agreement**

- (a) To facilitate the carrying out of the Project Implementing Agency's respective part of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Parts A and B available to the Project Implementing Agency under a subsidiary agreement between the Recipient and the Project Implementing Agency, under terms and conditions approved by the Association, which shall include the following ("Subsidiary Agreement"):
  - (i) the obligation of the Recipient to:
    - (A) make the funds of Parts A and B available to the Project Implementing Agency in the form of a non-reimbursable grant; and
    - (B) take all actions necessary to permit the Project Implementing Agency to carry out its respective part of the Project and ensure the achievement of the objective thereof;
  - (ii) the obligation of the Project Implementing Agency to:

- (A) carry out the Project Implementing Agency's respective part of the Project in accordance with this Agreement, the Subsidiary Agreement, the Operational Manuals, the Anti-Corruption Guidelines, the Procurement Guidelines, the Consultant Guidelines, the Annual Work Plans and Budgets, the Procurement Plan and the relevant Safeguard Documents;
  - (B) promptly refund to the Recipient for further refund to the Association any proceeds from the Financing not used for purposes of carrying out the Project Implementing Agency's respective part of the Project or for achieving the objective thereof, or otherwise utilized in a manner inconsistent with the provisions of this Agreement;
  - (C) at the request of the Recipient or the Association, exchange views with the Recipient and the Association with regard to the progress of the Project Implementing Agency's Respective Part of the Project and the achievement of the objective thereof, and the Project Implementing Agency's compliance with its obligations related to the implementation of the Project, under the Subsidiary Agreement, the Operational Manuals, the Annual Work Plans and Budgets, the Anti-Corruption Guidelines, the Procurement Guidelines, the Consultant Guidelines, the Procurement Plan and the relevant Safeguard Documents; and
  - (D) promptly inform the Recipient of any condition which interferes or threatens to interfere with the implementation of the Project Implementing Agency's Respective Part of the Project and the achievement of the objective thereof; and
- (iii) a provision stipulating that, in case of conflict between any of the provisions contained in the Subsidiary Agreement or the Operational Manuals, on one hand, and those set forth in this Agreement, on the other hand, the provisions of this Agreement shall at all times prevail.
- (b) The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement 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 Subsidiary Agreement or any of its provisions.

**2. Safety Net Programs**

- (a) For the purposes of Part A of the Project, the Recipient shall cause the Project Implementing Agency to enter into agreements with payment agencies (each a "Payment Agency") and/or implementation agencies (each an "AGEX"), as applicable, selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement for the purpose of, *inter alia*: (i) transferring cash to eligible recipients (each a "Cash Recipient") under the Project; and/or (ii) providing implementation support, as follows:
  - (A) For the implementation of Part A.1 of the Project, FID shall enter into agreements with AGEXs and/or a Payment Agencies, on the basis of the terms of reference attached to the PSN Manual (each a "PSN Agreement");
  - (B) For the implementation of Part A.2 of the Project, FID shall enter into agreements with Payment Agencies on the basis of the terms of reference attached to the HDTC Manual (each a "HDTC Cash-Transfer Agreement"); and
  - (C) For the implementation of Part A.3(a) of the Project, FID shall enter into agreements with AGEXs on the basis of the terms of reference attached to the ERR Manual (each a "ERR Agreement").
- (b) For the purposes of Part A.3(b) of the Project, the Recipient shall cause the Project Implementing Agency to enter into agreements with contractors, selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement for the purpose of the rehabilitation and reconstruction of damaged infrastructure, in affected communities in Eligible Disaster Situations.
- (c) Under each PSN Agreement, HDTC Cash-Transfer Agreement, and ERR Agreement (each a "Cash Agreement"), the Project Implementing Agency shall obtain rights adequate to protect the interests of the Recipient and the Association, including the right to require:
  - (i) the Payment Agency and the AGEX to carry out its activities under Part A of the Project, with due diligence and efficiency and

in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the relevant Operational Manuals and the relevant Safeguard Documents;

- (ii) the Payment Agency and the AGEX to: (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities carried out under the Project; and (B) at the Project Implementing Agency's, the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish promptly to the Project Implementing Agency, the Recipient and the Association the financial statements as so audited;
- (iii) for the purpose of implementing its activities under the Project, one or more AGEXs to, *inter alia*, prepare and submit to the Project Implementing Agency technical and financial proposals; carry out information and communication campaigns on the activities; organize and train beneficiaries, and, in the case of cash for work programs, enroll beneficiaries, meeting the criteria defined in the Operational Manuals to participate in the activities; organize and supervise the implementation of the activities; and pay the Cash Recipients, where applicable, as further described in the Operational Manuals;
- (iv) the Payment Agency and the AGEX to enable the Project Implementing Agency, the Recipient and the Association to inspect the activities carried out under the Project, their operation and any relevant records and documents; and prepare and furnish to the Project Implementing Agency, the Recipient and the Association all such information as the Project Implementing Agency, the Recipient or the Association shall reasonably request relating to the foregoing; and
- (v) For the payment of Cash Recipients, the Payment Agency and/or AGEX, as applicable, shall:

- (A) open and thereafter maintain, for a term equal to the term of the Cash Agreement, a separate account (each a "Cash Account") for the exclusive purpose of depositing funds for payments to be made by the Payment Agency and/or AGEX, as applicable, to Cash Recipients;
  - (B) deposit funds in said Cash Account in accordance with the provisions of the Cash Agreement. The Cash Account shall be opened in a commercial bank acceptable to the Association, with terms and conditions satisfactory to the Association including, *inter alia*, a waiver of any rights said commercial bank may have to set off any amount deposited in the Cash Account with any other debt;
  - (C) disburse funds from the Cash Account for payments in accordance with the provisions of the Cash Agreement;
  - (D) ensure that all amounts deposited in the Cash Account are used exclusively to make payments in accordance with the detailed provisions, procedures, sequencing and timing in relation thereto as set forth in the Operational Manuals, and in compliance with the Anti-corruption Guidelines; and
  - (E) promptly refund to the Implementing Agency, for further refund to the Recipient and then further refund to the Association any proceeds from the Cash Account not used for purposes of payment to Cash Recipients in accordance with the provisions of the Cash Agreement, or otherwise utilized in a manner inconsistent with the provisions of this Agreement.
- (d) The Recipient shall cause the Project Implementing Agency to exercise its rights under the Cash Agreement in such manner as to protect the interests of the Project Implementing Agency, the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not permit the Project Implementing Agency to assign, amend, abrogate or waive any of the Cash Agreements or any of their provisions.

**C. Anti-Corruption**

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

**D. Safeguards**

1. The Recipient shall ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents. In particular, the Recipient shall ensure that:
  - (a) for each activity under the Project of a type for which the Environmental and Social Management Framework provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Environmental and Social Management Framework, and the relevant activity is implemented in accordance with its Environmental and Social Management Plan; and
  - (b) for each activity under the Project of a type for which the Resettlement Policy Framework provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such activity, in accordance with the provisions of the Resettlement Policy Framework, and the relevant activity is implemented in accordance with its Resettlement Action Plan.
3. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any other entity participating in the implementation of the Project to do so.
4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.
5. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

**E. Annual Work Plans and Budgets**

1. Each year the Recipient shall prepare, in coordination with the Project Implementing Agency:

- (a) a draft annual work plan and budget for the Project (including Training and Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and
  - (b) the evidence, in form and substance satisfactory to the Association, that all Safeguard Documents required prior to the implementation of the activities included in the draft annual work plan and budget have been prepared or are in the process of being prepared so as to be available in form and substance acceptable to the Association and disclosed in accordance with the Bank Policies before approval by the Association of the bidding documents for each activity.
- 2. The Recipient shall furnish to the Association, as soon as available, but in any case not later than November 30 of each year, the annual work plans and budgets and the evidences referred to in subparagraph 1(b) above, for the Association's review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, and the evidence which may be required for the implementation of the activities included in the draft annual work plan and budget for such period which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an "Annual Work Plan and Budget") are eligible to a financing from the proceeds of the Financing.
- 3. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
- 4. The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.
- 5. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior approval.

**F. Manuals**

- 1. (a) The Recipient shall ensure that the Project is carried out in accordance with the Operational Manuals and the Implementation Partnership Agreements.

- (b) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive any of the Operational Manuals, the Implementation Partnership Agreements, or any provision thereof.
- 2. In the event of any conflict between the provisions of any of the Operational Manuals, the Implementation Partnership Agreements and those of this Agreement, the provisions of this Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

- 1. The Recipient shall monitor and evaluate the progress of the Project and prepare in coordination with the Project Implementing Agency, Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
- 2. Eighteen (18) months after the Effective Date, or at any other date agreed with the Association, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. The Recipient shall prepare and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.
- 3. 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 months before the Closing Date.

**B. Financial Management, Financial Reports and Audits**

- 1. The Recipient shall maintain and cause FID and MPSPPW to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.



2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause FID and MPSPPW to each prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for their Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have such 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 of the Recipient. 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.
4. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage independent auditors for the purpose not later than six (6) months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:
- (a) National Competitive Bidding: procurement may be carried out in accordance with the "Open Competitive Bidding" method (*Appel d'offres ouvert*) set forth in the Recipient's law no. 2004-009 of July 2004 on the Public Procurement Code, subject to the following additional provisions listed in (i) through (xv) below to conform to the provisions of the Procurement Guidelines:
    - (i) No bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than: (A) its capability and resources to successfully perform the contract; (B) a conflict of interest situation, or (C) an accepted prohibition.
    - (AA) Firms of a country or goods manufactured in a country may be excluded if: (I) as a matter of law or official regulation, the Recipient's country prohibits commercial relations with that country, provided that the Association is satisfied that such exclusion does not preclude effective competition for the supply of goods, works, and non-consulting services required; or (II) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Recipient's country prohibits any import of goods from, or payments to, a particular country, person, or entity. Where the Recipient's country prohibits payments to a particular firm or for particular goods by such an act of compliance, that firm may be excluded.
    - (BB) Government-owned enterprises or institutions of the Recipient shall be eligible to participate in the bidding process in their country, only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient or the Project Implementing Agency.
    - (CC) A firm sanctioned by the Association in accordance with paragraph 1.16(d) of the Procurement Guidelines, or the Anti-Corruption Guidelines, shall be ineligible to be awarded or to benefit from an Association- or Bank -

financed contract, financially or in any other manner, during the period of time determined by the Association.

- (DD) The requirement of producing a registration number (*Numéro d'Immatriculation*) for any bidder to participate in the bidding process shall not be interpreted as a prior requirement to any sort of local registration, license or authorization.
- (ii) Standard bidding documents acceptable to the Association shall be used so as to ensure economy, efficiency, transparency and consistency with the provisions of Section I of the Procurement Guidelines.
- (iii) Participation from joint ventures shall be allowed on condition that such joint venture partners will be jointly and severally liable for their obligations under the awarded contract. Therefore, the "*Groupement Conjoint*", described under the Recipient's law no. 2004-009 of July 2004 on the Public Procurement Code, shall not be allowed under National Competitive Bidding.
- (iv) No domestic/regional preference, or any other kind of preferential treatment, shall be given for domestic/regional bidders, and/or for domestically/regionally manufactured goods, and/or for domestically/regionally originated related services.
- (v) The qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified. Qualification criteria shall be assessed on a "pass or fail" basis, and merit points shall not be used. Bidders' qualifications shall be assessed by post-qualification.
- (vi) In case a fee is charged for the bidding documents, it shall be reasonable and reflect only the cost of their typing, printing or publishing, and delivery to prospective bidders, and it shall not be so high as to discourage bidders' participation in the bidding process. Bids may be submitted by electronic means only provided that the Association is satisfied with the adequacy of the system, including, *inter-alia*, that the system is secure, maintains the integrity, confidentiality, and authenticity of the bids submitted, and uses an electronic signature system or equivalent to keep bidders bound to their bids.

- (vii) The bid validity period required by the bidding documents shall be sufficient to complete the evaluation of bids and obtain any approval that may be required (at least four (4) weeks). If justified by exceptional circumstances, an extension of the bid validity may be requested in writing from all bidders before the original bid validity expiration date, and it shall cover only the minimum period required to complete the evaluation and award of the contract. The extension of the bid validity requires the Association's no objection for those contracts subject to prior review, if it is longer than four (4) weeks, and for all subsequent requests for extension, irrespective of the period.
- (viii) Bid Evaluation:
  - (A) Evaluation of bids shall be made in strict adherence to the evaluation criteria declared in the bidding documents.
  - (B) Evaluation criteria other than price shall be quantified in monetary terms and the manner in which they will be applied for the purpose of determining the lowest evaluated bid shall be established in the bidding documents. A weighting/scoring system shall not be used.
  - (C) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid. No negotiations shall be permitted.
  - (D) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.
  - (E) In case of requests for clarifications, bidders shall not be asked or permitted to alter or complete their bids.
- (ix) All bids shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior concurrence.
- (x) Securities shall be in the format included in the bidding documents. No advance payment shall be made without a suitable advance payment security.
- (xi) Information on contract award shall be published at least in a national newspaper of wide circulation within two (2) weeks of receiving the Association's no objection to the award recommendation for contracts subject to prior review, and within

two (2) weeks from the award decision for contracts subject to post review. Publication shall include the following information: (A) the name of each bidder which submitted a bid; (B) bid prices as read out at bid opening; (C) evaluated prices of each bid that was evaluated; (D) the names of bidders whose bids were rejected and the reasons for their rejection; and (E) the name of the winning bidder, the final total contract price, and the duration and summary scope of the contract.

- (xii) In the case of contracts subject to prior review, the Association's no objection shall be obtained before agreeing to: (A) a material extension of the stipulated time for performance of a contract; (B) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (C) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (D) the proposed termination of the contract. A copy of all contract amendments shall be furnished to the Association for its record.
- (xiii) In accordance with the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Financing shall provide that bidders, suppliers, and contractors, and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights constitute an obstructive practice as defined in the Procurement Guidelines.
- (xiv) Each bidding document and contract financed from the proceeds of the Financing, and as deemed acceptable by the Association, shall include provisions stating the Association's policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
- (xv) The Association may recognize, if requested by the Recipient, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the Association confirms that the particular

debarment process afforded due process and the debarment decision is final.

- (b) Shopping.
- (c) Procurement under Framework Agreement in accordance with procedures which have been found acceptable by the Association.
- (d) Direct contracting.
- (e) Community participation in procurement which have been found acceptable by the Association.
- (f) Procurement from UN Agency.

**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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Fixed Budget Selection; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Selection of UN agency.

**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.

**E. Establishment of a Procurement Complaint Handling Mechanism**

No later than three (3) months after the Effective Date, FID and the MPSPPW shall each have established a procurement complaint handling mechanism acceptable to 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.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) (a) Goods, works, non-consulting services, and consultants' services including Operating Costs and Training for Part A of the Project, except cash for work and direct cash transfers under Parts A.1, A.2 and A.3 of the Project and infrastructure rehabilitation works under Part A.3 of the Project; and	2,000,000	100%
(b) Productive cash for work and direct cash transfers under Part A.1 of the Project, HDCT under Part A.2 of the Project and cash for work and infrastructure rehabilitation subproject works under Part A.3 of the Project.	18,400,000	100% of amounts disbursed
(2) Goods, works, non-consulting services, and consultants' services including Operating Costs and Training for Part B of the Project.	4,400,000	100%
(3) Goods, works, non-consulting services, and consultants' services including Operating Costs and Training for Part C of the Project.	2,100,000	100%
(4) Refund of Preparation Advance.	1,600,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<b>28,500,000</b>	



**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments:
  - (a) under Category (3), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that the GDSP has recruited the following staff in accordance with the provisions of Section III of Schedule 2 to this Agreement, and on the basis of terms of reference, qualifications and experience acceptable to the Association: a project coordinator; a procurement specialist; and a financial management specialist.
2. The Closing Date is September 30, 2020.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15, commencing February 15, 2022 to and including August 15, 2053	1.5625%

\* 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. "Annual Work Plans and Budgets" means the annual work plans and budgets for the implementation of the Project approved by the Association, referred to in Section I.E.2 of Schedule 2 to this Agreement.
2. "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 and revised in January 2011.
3. "Bank Policies" means the World Bank's operational policies as set forth on the following website: <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,menuPK:64701637~pagePK:51628525~piPK:64857279~theSitePK:502184,00.html>.
4. "Cash Account" means an account opened by a Payment Agency or AGEX, in accordance with Section I.B.2(c)(v) of Schedule 2 to this Agreement.
5. "Cash Agreement" means an agreement entered into between the Project Implementing Agency and a Payment Agency or an AGEX in accordance with Section I.B.2(c) of Schedule 2 to this Agreement.
6. "Cash Recipient" means an eligible recipient under a Cash Agreement and is referred to in Section I.B.2(a) of Schedule 2 to this Agreement.
7. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
8. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
9. "Displaced Person" means a person who, on account of the execution of an activity under 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; "Displaced Persons" means all such persons.
10. "Eligible Disaster Situations" means an eligible disaster as described in the ERR Partnership Agreement and the ERR Manual, as identified by the ERR Coordination Unit.

11. “Environmental and Social Management Framework” means the Recipient’s document entitled “*Cadre de Gestion Environnementale et Sociale (CGES)*” disclosed in the World Bank’s Infoshop on March 19, 2015, detailing: (i) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures, including monitoring and institution strengthening; including all annexes thereto and as revised from time to time with the prior written approval of the Association.
12. “Environmental and Social Management Plan” means the Recipient’s document prepared and disclosed in accordance with the Environmental and Social Management Framework with respect to an activity included under an Annual Work Program and Budget, that details: (a) the measures to be taken during the implementation and operation of such activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures; including all annexes thereto and as revised from time to time with the prior written approval of the Association.
13. “ERR Agreement” means any of the agreements referred to in Section I.B.2(a)(iii) of Schedule 2 to this Agreement.
14. “ERR Coordination Unit” means the *Bureau National de Gestion des Risques et des Catastrophes* within the Recipient’s Ministry of Interior.
15. “ERR Manual” means the Manuel de procedures, Programme Filets Sociaux, Volet Post-catastrophe, the operational manual for the implementation of Part A.3 of the Project.
16. “ERR Partnership Agreement” means the agreement dated February 27, 2015, entered into between the ERR Coordination Unit and the FID for the implementation of Part A.3 of the Project.
17. “FID” means *Fonds d’Intervention pour le Développement*, a public interest association legally established and operating on the Recipient’s territory in accordance with the Project Implementing Agency’s Legislation.
18. “FID Board of Directors” means FID’s board of directors (*Conseil d’administration*) as established in accordance with Article 17 of its governing document (*statuts*) dated November 30, 2009.
19. “FID Financial Management and Procurement Manuals” means the *Manuel de Procédures Administratives et Financières* the financial management and procurement manual for the implementation of Parts A and B of the Project.

20. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
21. "GDSP" means the General Directorate of Social Protection within the MPSPPW.
22. "HDCT" means Human Development Cash Transfer.
23. "HDCT Cash Transfer Agreement" means any of the agreements referred to in Section I.B.2(a)(ii) of Schedule 2 to this Agreement.
24. "HDCT Coordinator" means a coordinator of all HDCT activities in one of the specific regions targeted by the Project.
25. "HDCT Eligible Households" means extremely poor families with children under 12 years of age, as identified pursuant to the process set forth in the HDCT Manual.
26. "HDTC Manual" means the *Manuel des Operations, Programme de Transferts Monetaires Conditionnels*, the operational manual for the HDCT.
27. "HDCT Selected Regions" means the geographic regions of Madagascar with high poverty rates selected for HDCT activities, including, *inter alia*: Haute-Matsiatra (South), Vatovavy Fitovinany (South East), Atsinanana (East), Atsimo Andrefana (South), Vakinankaratra.
28. "Implementation Partnership Agreements" means, collectively: (a) the agreement dated March 3, 2015 entered into between the MPSPPW, the Recipient's Ministry of Agriculture and the FID for the implementation of Part A of the Project; (b) the agreement dated March 3, 2015, entered into between the MPSPPW, the Recipient's Ministry of Education, the Recipient's National Nutrition Office and the FID for the implementation of Part B of the Project; (c) the MOU dated March 6, 2015, entered into between the MPSPPW and the FID for the implementation of the Project; and (d) the ERR Partnership Agreement for the implementation of Part A.3 of the Project.
29. "MPSPPW" means the Ministry of Population, Social Protection and Promotion of Women of the Recipient or its successor.
30. "MPSPPW Manual" means the administrative, procurement and financial management procedural manual of the MPSPPW.
31. "Operational Manuals" means, collectively, the HDTC Manual, the PSN Manual, the ERR Manual, the FID Financial Management and Procurement Manuals, and the MPSPPW Manual.
32. "Operating Costs" means the reasonable incremental operating expenses, based on Annual Work Programs and Budgets approved by the Association, incurred by the

FID or the MPSPPW or its regional offices on account of the Project implementation, management and monitoring, including operation and maintenance costs of office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, public awareness-related media expenditures, travel and supervision costs, *per diem*, additional staff costs, but excluding the salaries of officials and public servants of the Recipient's civil service.

33. "Payment Agency" means an entity contracted by the Project Implementing Agency in accordance with Section I.B.2(a) of Schedule 2 to this Agreement.
34. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on April 17, 2015 and on behalf of the Recipient on April 17, 2015.
35. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
36. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 19, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
37. "Project Implementing Agency" means FID.
38. "Project Implementing Agency's Legislation" means, collectively, the Recipient's Decree no. 93.044 dated January 27, 1993, on the recognition of FID as a public interest association, the Recipient's Ordinance no. 60-133 on the general regime of associations, the Recipient's Decree no. 60-383 dated October 5, 1960, the Recipient's Ordinance no. 75-017 dated August 13, 1975, and its governing document (*statuts*) dated November 30, 2009.
39. "PSN" means Productive Safety Net.
40. "PSN Agreement" means any of the agreements referred to in Section I.B.2(a)(i) of Schedule 2 to this Agreement.
41. "PSN Coordinator" means a coordinator of all PSN activities at a FID regional office.
42. "PSN Eligible Households" means the poorest families of the selected communities, as identified pursuant to the process set forth in the PSN Manual.

43. "PSN Manual" means *Manuel d'Opérations, Projet de Filet Sociaux Productifs*, the operational manual for the PSN which includes FID's landscape management planning guidelines for community-based landscape management planning
44. "PSN Selected Regions" means the geographic regions of Madagascar where there is potential to address environmental and soil degradation and increase local agricultural production, selected for PSN activities, including, *inter alia*: Haute-Matsiatra (South), Vatovavy Fitovinany (South East), Atsinanana (East), Atsimo Andrefana (South), Vakinankaratra.
45. "Resettlement Action Plan" means the Recipient's document prepared and disclosed in accordance with the Resettlement Policy Framework with respect to an activity included under an Annual Work Program and Budget, which, *inter alia*: (a) contains a census survey of Displaced Persons and valuation of their assets; (b) describes compensation and other resettlement assistance to be provided, consultation to be conducted with Displaced Persons about acceptable alternatives; institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation; and (c) contains a timetable and budget for the implementation of such measures; including all annexes thereto and as revised from time to time with the prior written approval of the Association.
46. "Resettlement Policy Framework" means the Recipient's document entitled "*Cadre de Politique de Réinstallation Involontaire (CPRI)*" disclosed in the World Bank's *Infoshop* on March 19, 2015, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons; including all annexes thereto and as revised from time to time with the prior written approval of the Association.
47. "Safeguard Documents" means, collectively, the Environmental and Social Management Framework, the Environmental and Social Management Plans prepared in accordance with the Environmental and Social Management Framework, if any, the Resettlement Policy Framework, and the Resettlement Action Plans prepared in accordance with the Resettlement Policy Framework, if any.
48. "Subsidiary Agreement" means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Agency.

49. "Training" means the reasonable cost of training under the Project, based on Annual Work Plans and Budgets, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.