

OFFICIAL
DOCUMENTS

CREDIT NUMBER 4411-MAG

Agreement providing for the Amendment and Restatement of the Financing Agreement

(Second Governance and Institutional Development Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 11, 2012

CREDIT NUMBER 4411-MAG

**AGREEMENT PROVIDING FOR THE AMENDMENT AND RESTATEMENT
OF THE FINANCING AGREEMENT**

AGREEMENT, dated October 11, 2012, 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 Financing 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 Current 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 for which the invitation to bid or request for proposals was issued on or before July 31, 2012, the relevant contracts do not provide for the application of the Current Guidelines or otherwise allow for such application, the applicable guidelines shall be those which applied immediately prior to the date of this Agreement.

ARTICLE III — ENTRY INTO FORCE

- 3.01. This Agreement shall not become effective until evidence satisfactory to the Association has been furnished to the Association that the conditions specified in paragraphs (a) and (b) of this Section have been satisfied.
- (a) The Recipient has revised the PIM (as defined in the Annex to this Agreement) in form and substance satisfactory to the Association.
- (b) The Recipient has recruited the Project Director on the basis of terms of reference, experience and qualifications satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.
- 3.02. Except as the Association shall otherwise agree, this Agreement shall enter into effect on the date upon which the Association dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 3.01 (“Effective Date”).



3.03. This Agreement and all obligations of the parties under this Agreement shall terminate if this Agreement has not entered into effect by the date ("Effectiveness Deadline") ninety (90) days after the date of this Agreement, unless the Association, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of this Section. The Association shall promptly notify the Recipient of such later Effectiveness Deadline.

AGREED at Antananarivo, October 11, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

By:



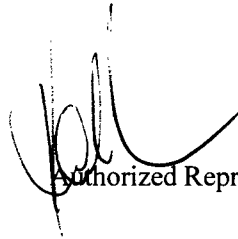
Authorized Representative

Name: Hery M. RAJAONARIMAMPIANINA

Title: das fiantony

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Haten Z. BRIDI
Country Director

Title: for Madagascar, Mauritius, Comoros and Seychelles

ANNEX

CREDIT NUMBER 4411-MAG

Financing Agreement

(Second Governance and Institutional Development Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 15, 2008

CREDIT NUMBER 4411-MAG

FINANCING AGREEMENT

AGREEMENT dated July 15, 2008, 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

- 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.
- 1.03. Italicized terms used in this Agreement to denote place names and locations shall be deemed to denote place names and locations in the Recipient’s territory.

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 nineteen million one hundred and four thousand three hundred and eighty six Special Drawing Rights (SDR 19,104,386) (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%) per annum.
- 2.05. The Payment Dates are February 1 and August 1 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 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) The legislation pertaining to COS and CR or BdG, or any text pertaining to COS', CR's or BdG's operation, shall have been breached or shall have been amended, suspended, abrogated, repealed or waived so as to affect COS', CR's or BdG's (as the case may be) ability to implement the Project or perform any of its obligations under this Agreement.
 - (b) The Legislation pertaining to the Communes' Financial Autonomy shall have been breached or shall have been amended, suspended, abrogated, repealed or waived so as to affect the implementation of the Project's activities or the achievement of its development objective.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient has adopted the PIM, in form and substance satisfactory to the Association.
 - (b) The Recipient has employed the independent external auditors referred to in Section 4.09 (b) of the General Conditions.

(c) The Recipient has employed a reform public finance coordinator with qualifications and experience satisfactory to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister at the time in charge 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 at Antananarivo, Republic of Madagascar, as of the day and year first above written.

REPUBLIC OF MADAGASCAR

By: **/s/ Haja Nirina Razafinjatovo**
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: **/s/ Robert R. Blake**
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the Recipient's public financial management and social accountability at the central government and at the Communal levels.

The Project consists of the following parts:

Part 1 – Improvement of public financial management

- (a) Improving budget preparation and execution processes, by: enhancing the integrated financing management system; simplifying budget procedures; strengthening capacity of the Selected Sector Ministries in planning, monitoring and evaluating annual budget; all through the provision of goods, services, Minor Works, and training.
- (b) Strengthening internal and external control mechanisms, by: improving operational efficiency of selected oversight and control institutions and introducing budget transparency mechanisms, all through the provision of goods, services and training.
- (c) Institutionalizing public procurement reforms, through: capacity building within ARMP and procurement units in Selected Sector Ministries and Communes; monitoring of regulatory and institutional compliance; improving transparency and accountability of public procurement processes, and improving monitoring by civil society and media, all through the provision of goods, services and training.
- (d) Increasing performance of revenue agencies by: modernizing the procedures, institutional set-up and management system of the Customs Directorate and the Tax Directorate, all through the provision of goods, services, Minor Works and training.

Part 2 – Improvement of Local Governance

Strengthening local governance in Selected Communes of the Targeted Regions by:

- (a) (i) improving the reliability and completeness of land registries at Communal level; (ii) supporting the Communes to process comprehensive tax census; (iii) improving budget transparency; and (iv) strengthening citizens'

participation in budget planning and execution, all through the provision of goods, services and training.

- (b) Strengthening the capacities of national institutions responsible for the provision of technical services to Communes, including FDL, INDDL, selected District level decentralization technical services, all through the provision of goods, services, Minor Works and training.
- (c) Providing Communal Grants to Selected Communes for the purpose of enhancing Selected Communes' public financial management capacity through the provision of, goods, services, Minor Works and training.
- (d) Strengthening the capacities of the Land Directorate and the PNF Coordination Unit in implementing: (i) pilot programs to improve PLOFs methodology, and (ii) the Recipient's land reform policy, in targeted land offices.

Part 3 – Institutional Strengthening and Knowledge Management

- (a) Strengthening the capacity of Selected Institutions to support access to information, public policy analysis and knowledge dissemination, all through the provision of goods, services, Minor Works and training.
- (b) Provision of Social Accountability Grants to civil society organizations and media for the purpose of strengthening their capacity to promote social accountability, through the provision of goods, services, Minor Works and training.
- (c) Improving knowledge management by designing and establishing a system capitalizing all the knowledge produced by the Project, all through the provision of goods, services and training.

Part 4 – Project Coordination

Support for management, supervision, monitoring and evaluation of the Project, including provision of technical advisory services, training, equipment, and the financing of Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, at all times during the execution of the Project:
 - (a) COS and CR, each with mandate, terms of reference, composition and resources acceptable to the Association, to provide guidance and exercise general oversight functions in the course of implementation of the Project, including the assistance in the decision-making process and the facilitation of the timely implementation of the Project; and
 - (b)
 - (i) BdG, whose mandate, terms of reference, composition and resources shall be acceptable to the Association, to be responsible for the day-to-day execution of the Project, including management of disbursement activities, maintenance of records and accounts, procurement, consolidation of Annual Work Programs and Budgets, preparation and production of annual progress reports and financial statements, and monitoring and evaluation.
 - (ii) BdG shall, at all times throughout Project implementation, maintain suitably qualified and experienced staff in adequate numbers.
 - (iii) Without limitation to the generality of paragraphs (b)(i) and (ii) immediately above, BdG shall, no later than September 30, 2012, recruit a chief accountant and a procurement specialist.
 - (iv) Without limitation to the generality of paragraphs (b)(i) and (ii) immediately above, the BdG shall ensure that the positions of Project Director, and from the date indicated in paragraph (iii) immediately above, chief accountant and procurement specialist, shall be kept filled at all times by persons having qualifications and experience acceptable to the Association.
2.
 - (a) For the implementation of Parts 2 (c) of the Project, no later than December 31, 2012, the Recipient shall enter into an agreement with FDL, for FDL to act as of such date as Communal Grant Committee,

with terms of reference, composition and resources satisfactory to the Association. Without limitation to the foregoing provision, (A) BdG shall participate in the meetings of the Communal Grant Committee as an observer; and (B) the Communal Grant Committee shall be responsible for, *inter alia*, the selection of Sub-projects and the monitoring of Communal Grants.

- (b) For the implementation of Parts 3 (b) of the Project:
 - (i) the Recipient shall, no later than December 31, 2012, recruit in accordance with the provisions of Section III of Schedule 2 to this Agreement, a grant administrator (“Grant Administrator”) on the basis of terms of reference, qualifications and experience satisfactory to the Association; and
 - (ii) the Recipient shall, no later than December 31, 2012, establish a Social Accountability Grant Committee, with terms of reference, composition and procedures satisfactory to the Association. Without limitation to the foregoing provision, the Social Accountability Grant Committee shall be responsible for, *inter alia*, the selection of Sub-projects and the monitoring of Social Accountability Grants.

B. Manual

- 1. The Recipient shall implement the Project in accordance with the PIM, and except as the Recipient and the Association shall otherwise agree in writing, the Recipient shall not amend or waive any provision thereof.
- 2. No later than October 30, 2012, the Recipient shall adopt a supplemental schedule to the PIM, in form and substance satisfactory to the Association outlining, *inter alia*, the organization, implementation arrangements, eligibility criteria for Beneficiaries and Sub-projects, and procedures for the provision of Grants under Parts 2(c) and 3(b) of the Project.
- 3. In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

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

D. Social Accountability Grants and Communal Grants

1.
 - (a) For the implementation of Part 2(c) of the Project, the Recipient shall make Communal Grants to Beneficiary Communes for the financing of Sub-projects, all in accordance with eligibility criteria and procedures acceptable to the Association.
 - (b) For the implementation of Part 3(b) of the Project, the Recipient shall make Social Accountability Grants to CSO Beneficiaries for the financing of Sub-projects, all in accordance with eligibility criteria and procedures acceptable to the Association.
2. The Recipient shall make each Grant under a Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, adequate to protect its interests and those of the Association, which shall include the right to:
 - (a) suspend or terminate the right of the Beneficiary to use the proceeds of the Grant, or declare to be immediately due and payable all or any part of the amount of the Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Grant Agreement;
 - (b) require each Beneficiary to carry out its Sub-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 in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
 - (c) require each Beneficiary to provide, promptly as needed, the resources required for the purpose;
 - (d) require each Beneficiary to procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement and ensure that they will be used exclusively for the carrying out of the Sub-project;
 - (e) require each Beneficiary to maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;
 - (f) require each Beneficiary to: (i) 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 Sub-project; (ii) at 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 promptly furnish the statements as so audited to the Recipient and the Association; and (iii) allow the Association to make the Grant Agreement and all financial statements audited pursuant to sub-paragraph (f)(ii) immediately above available to the public in accordance with the Association's policies on access to information;

- (g) require each Beneficiary to enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and
- (h) require each Beneficiary to prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights and carry out its obligations under each Grant 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 any Grant Agreement or any of its provisions.

E. Annual Work Programs

1. The Recipient shall ensure that at all times during the execution of the Project:
 - (a) The Recipient, through PREA, shall prepare and submit to BdG no later than October 15 of each year a proposed annual work program describing the set of activities to be carried out under the Project during the subsequent year, including budget and implementation arrangements for said activities;
 - (b) BdG shall no later than October 31 of each year: (i) review the proposed annual work program; and (ii) prepare a consolidated annual work program describing a set of activities to be carried out under the Project during the subsequent year, including budget and implementation arrangements for said activities;
 - (c) BdG shall no later than November 30 prepare and furnish to the Association for review the proposed consolidated annual work

program and budget approved by the COS, together with the implementation arrangements for these activities. Only the activities included in a consolidated annual work program and budget expressly approved by the Association (each an "Annual Work Program and Budget") are eligible to a financing from the proceeds of the Financing;

- (d) Training shall be carried out on the basis of Annual Work Programs and Budgets, which shall, *inter alia*, identify: (i) particulars of the training envisaged; (ii) the personnel to be trained; (iii) the selection method of the institution or individuals conducting such training; (iv) the institution conducting such training if identified; (v) the purpose and justification for such training; (vi) the location and duration of the proposed training; and (vii) the estimate of the cost of such training; and
 - (e) Annual Work Programs and Budgets may be revised as needed during Project implementation subject to the Association's prior approval.
2. The Recipient shall thereafter ensure that the Project is implemented in accordance with the Annual Work Programs and Budgets.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 acceptable to 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.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, 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 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 auditors for the purpose not later than September 30, 2012, in accordance with the provisions of Section III of this Schedule.

Section III. Procurement

A. General

1. **Goods, Minor Works and Non-consulting Services.** All goods, Minor 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, Minor Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, Minor 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, Minor Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, Minor Works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Framework Agreements
(d) Procurement from a United Nations Agencies (UNOPS)
(e) Direct Contracting
(f) Shopping

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) Least-Cost Selection
(b) Selection Based on Consultant's Qualifications
(c) Single Source Selection
(d) Individual Consultants

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.

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) Goods, Minor Works and consultants' services for the Project, except Part 2(c) and Part 3(b) of the Project, and Training	17,650,000	100%
(2) Goods, Minor Works, Training and consultant services for Sub-Projects under: (a) Part 2(c) of the Project; and (b) Part 3(b) of the Project	460,000 280,000	100%
(3) Operating Costs	714,386	100%
(4) Unallocated	0	
TOTAL AMOUNT	19,104,386	

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, except that withdrawals up to an aggregate amount not to exceed SDR 600,000 may be made for payments made prior to this date but on or after

January 1, 2008, for Eligible Expenditures under Categories 1 and 3;
and

- (b) under Category (2)(a) unless:
 - (i) the Communal Grant Committee has been established by the Recipient in accordance with Section I.A.2(a) of Schedule 2 to this Agreement;
 - (ii) the PIM has been supplemented in accordance with Section I.B.2 of Schedule 2 to this Agreement; and
 - (iii) a first Grant Agreement has been signed for the provision of a Communal Grant in accordance with Section I.D.2 of Schedule 2 to this Agreement.

- (c) under Category (2)(b) unless:
 - (i) the Grant Administrator has been recruited in accordance with Section I.A.2(b)(i) of Schedule 2 to this Agreement;
 - (ii) the Social Accountability Grant Committee has been established by the Recipient in accordance with Section I.A.2(b)(ii) of Schedule 2 to this Agreement;
 - (iii) the PIM has been supplemented in accordance with Section I.B.2 of Schedule 2 to this Agreement; and
 - (iv) a first Grant Agreement has been signed for the provision of a Social Accountability Grant in accordance with Section I.D.2 of Schedule 2 to this Agreement.

2. The Closing Date is August 31, 2014.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit Repayable (expressed as a percentage)*
On each February 1 and August 1	
commencing August 1, 2018 to and including February 1, 2028	1
commencing August 1, 2028 to and including February 1, 2048	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. “Annual Work Program and Budget” means an annual work program and budget for the implementation of the Project approved by the Association referred to in Section I.E(c) 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. “ARMP” means *Autorité de Régulation des Marchés Publics*, the national Procurement Oversight Authority established and operating pursuant to article 1 of the Recipient’s Decree n° 2005-215 dated May 03, 2005.
4. “Bank’s Safeguard Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BP 4.01, OP/BP 4.04, OP 4.09, OP/BP 4.11, OP/BP 4.12, OP/BP 4.36, OP/BP 4.37, and OP 7.50 as said manual is published under www.WorldBank.org/opmanual.
5. “BdG” means *Bureau de Gestion*, the national bureau responsible for the management and supervision of the Project established by the Recipient’s Decree no. 2005-802, dated November 23, 2005, as amended by Decree no. 2012-660 dated June 28, 2012.
6. “Beneficiary” means a Beneficiary Commune or a CSO Beneficiary, as the case may be.
7. “Beneficiary Commune” means a Selected Commune for which a Communal Grant is financed or proposed to be financed out of the proceeds of the Credit pursuant to a Grant Agreement under the conditions set forth in Section I.D of Schedule 2 to this Agreement and further described in the PIM.
8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
9. “Communal Grant” means a grant made, or to be made, out of the proceeds of the Credit, to finance a Sub-project under Part 2 (c) of the Project.
10. “Communal Grant Committee” means the committee referred to in Section I.A.2(a) of Schedule 2 to this Agreement.

11. “Commune” means a decentralized subdivision of the Recipient, referred to as “commune” in, and established pursuant to, the Recipient’s law no. 094-001 dated April 26, 1995, as amended until the date of this Agreement; and “Communal” has a corresponding meaning.
12. “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.
13. “COS” means *Conseil d’Orientation et de Suivi*, the Oversight Committee of PREA (as hereinafter defined), established pursuant to decree no. 2005-803, of November 23, 2005, as amended by Decree no. 2012-661 dated June 28, 2012.
14. “CR” means *Comité Restreint*, the Standing Committee of PREA (as hereinafter defined), established pursuant to the Recipient’s Decree no. 2005-803, of November 23, 2005, as amended by Decree no. 2012-661 dated June 28, 2012.
15. “CSO Beneficiary” means an entity, group or organization legally established under the laws of the Recipient, for which a Social Accountability Grant is financed or proposed to be financed out of the proceeds of the Credit pursuant to a Grant Agreement under the conditions set forth in Section I.D of Schedule 2 to this Agreement and further described in the PIM.
16. “Current Guidelines” means, collectively, the Anti-Corruption Guidelines, Consultant Guidelines and Procurement Guidelines.
17. “Customs Directorate” means the Recipient’s administrative service for the regulation and administration of import and exports.
18. “District” means a decentralized subdivision of the Recipient, created by the Recipient’s Decree 2005-012 dated January 11, 2005
19. “FDL” mean *Fonds de Développement Local*, the Recipient’s local development fund established under Decree n° 2007-530 dated June 11, 2007, amended by the Recipient’s Decree no. 2009-814 dated June 09, 2009, and Decree 2010-746 dated July 27, 2010.
20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
21. “Grant” means a Communal Grant or a Social Accountability Grant, as the case may be.

22. "Grant Administrator" means the grant administrator referred to in Section I.A.2(b)(i) of Schedule 2 to this Agreement.
23. "Grant Agreement" means the agreement to be entered into between the Recipient and a Beneficiary for the purpose of extending a Grant to said Beneficiary.
24. "INDDL" means *Institut National de la Décentralisation et du Développement Local*, the Recipient's entity established under Decree n° 2011-230 dated May 10, 2011.
25. "Land Directorate" means the Recipient administrative service for the regulation and administration of land.
26. "Land Reform Policy" means *Lettre de Politique foncière*, the Recipient land reform policy adopted by the Government council of May 3, 2006.
27. "Legislation pertaining to the Communes' Financial Autonomy" means, collectively, the Recipient's law no. 094-001 dated April 26, 1995, law no. 94-007 dated April 26, 1995, law no. 94-008 dated April 26, 1995, law no. 94-009 dated April 26, 1995, law no. 94-010 dated April 26, 1995, law no. 95-005 dated June 21, 1995, ordinance no. 2011-004 dated December 28, 2011, and ordinance no. 2012-003 dated July 19, 2012.
28. "Minor Works" means small rehabilitation works of existing buildings which do not trigger the Bank's Safeguard Policies.
29. "Operating Costs" means the incremental expenses incurred by BdG, on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, per diem, supervision costs and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service.
30. "PIM" means the Project Implementation Manual outlining, *inter alia*, the institutional, procurement, financial management, monitoring and other specific arrangements for the implementation of the Project, including procedures and criteria for activities eligible for financing based on Beneficiaries' requests, adopted by the Recipient pursuant to Article 5.01 (a) of this Agreement, as the same may be amended by agreement of the Recipient and the Association from time to time, and such term includes any schedules to the PIM including, starting from the date indicated in Section I.B.2 of Schedule 2 to this Agreement, the supplemental schedule to the PIM adopted pursuant to the provision of said section.

31. "PLOF" means *Plan Local d'Occupation Foncière*, a map established by a Commune that describes land status at the Communal level.
32. "PNF Coordination Unit" means the unit established by the Recipient to coordinate the implementation of *Programme National Foncier*, the Recipient land reform program, established by the Recipient's Decree no.2006-866 dated November 22 2006.
33. "PREA" means *Programme de Réformes pour l'Efficacité de l'Administration*, the public sector reform and governance program, established by the Recipient on November 23, 2005 by Decree no. 2005-803, of November 23, 2005, as amended by Decree no. 2012-661 dated June 28, 2012.
34. "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.
35. "Procurement Plan" means the Recipient's procurement plan for the Project, dated July 25, 2012, 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.
36. "Region" means a decentralized subdivision of the Recipient, governed by the Recipient's law no. 2004-001 dated June 11, 2004, as amended until the date of this Agreement, and "Regional" means related to a Region.
37. "Selected Communes" means the Communes selected by the Recipient for the implementation of Part 2 of the Project and found acceptable by the Association for that purpose, as listed in the PIM.
38. "Selected Institutions" means, collectively: (i) "*Institut National de la Statistique de Madagascar (INSTAT)*" operating pursuant the Recipient's Decree no 98-290 dated April 2, 1998; (ii) "*Observatoire du foncier*" established by the Recipient's Decree 2010-745 dated July 27, 2010; (iii) "*Observatoire national de l'intégrité (ONI)*" an association established in accordance with the Recipient's ordinance no. 60-133 dated October 3, 1960; (iv) INDDL; (v) the Madagascar Development Learning Center, a member of the Global Development Learning Center established by its General Meeting dated June 30, 2004 and operating pursuant to its operating documents of the same date; as well as (vi) any other entity proposed by the Recipient for the purpose of Part 3(a) of the Project that the Association has confirmed in writing is acceptable to the Association for that purpose.

39. "Selected Sector Ministries" means, collectively, the Recipient's ministry responsible for health, the Recipient's ministry responsible for education, as well as any other Recipient's ministry proposed by the Recipient for the purpose of Part 1 of the Project that the Association has confirmed in writing is acceptable to the Association for that purpose.
40. "Social Accountability Grant" means a grant made, or to be made, out of the proceeds of the Credit, to finance a Sub-project under Part 3 (b) of the Project.
41. "Social Accountability Grant Committee" means the committee referred to in Section I.A.2(b)(ii) of Schedule 2 to this Agreement.
42. "Sub-project" means specific activities financed or to be financed through a Grant made under Part 2(c) or Part 3(b) of the Project.
43. "Targeted Regions" means, collectively, the following Regions: *Alaotra Mangoro, Analamanga Atsinanana, Vakinankaratra*, as well as any other Region proposed by the Recipient for the purpose of Part 2 of the Project that the Association has confirmed in writing is acceptable to the Association for that purpose.
44. "Tax Directorate" means the Recipient's administrative service for the regulation and administration of taxes.
45. "Training" means the reasonable cost of training under the Project, based on Annual Work Programs 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.