(CREDIT A - SUW REGULAR) CREDIT NUMBER 8030-MG
(CREDIT B – REGULAR) CREDIT NUMBER 8031-MG

Financing Agreement

(Accelerating Sustainable and Clean Energy Access Transformation Madagascar Program as part of the Accelerating Sustainable and Clean Energy Access Transformation in Eastern and Southern Africa (ASCENT) Multiphase Programmatic Approach Program)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

(CREDIT A – SUW REGULAR) CREDIT NUMBER 8030-MG
(CREDIT B – REGULAR) CREDIT NUMBER 8031-MG

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MADAGASCAR ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) The Participating Countries, including the Recipient, and the Regional Bodies have agreed to participate in the Accelerating Sustainable and Clean Energy Access Transformation in Eastern and Southern Africa (ASCENT) Multiphase Programmatic Approach Program **("**MPA Program"), and intend to coordinate among each other for the carrying out of activities under projects and programs to be implemented by the Participating Countries and the Regional Bodies to accelerate access to sustainable, reliable and clean energy in Eastern and Southern Africa.

(B) Under Phase I of the MPA Program, the Association extended financial assistance to the Republic of Rwanda, Federal Republic of Somalia, Democratic Republic of Sao Tome and Principe, United Republic of Tanzania, and the Regional Bodies.

(C) Under Phases 2 to 13 of the MPA Program, the Association extended financial assistance to, *inter alia*, the Republic of Burundi, the Kingdom of Eswatini, the Republic of Mozambique, the Republic of Malawi, the Republic of the Sudan, the Federal Democratic Republic of Ethiopia, the Republic of Zambia, and the Regional Bodies.

(D) Under subsequent phases of the MPA Program, the Association will extend financing to other Participating Countries and/or other Regional Bodies.

(E) The Recipient, having satisfied itself as to the feasibility and priority of its activities, has requested the Association to assist in financing activities related to the MPA Program, as Phase 14.

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient credits in the following amounts to: (a) assist in financing the program described in Part I of Schedule 1 to this Agreement ("Program"); (b) assist in financing the project described in Part II of Schedule 1 to this Agreement ("Project", and together with the Program, hereinafter jointly referred to as the "Operation"); and (c) provide the Rapid Response Option ("RRO"):

(a) a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of one hundred fifty million Dollars ($150,000,000), as such amount may be converted from time to time through a Currency Conversion ("Credit A"); and

(b) a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of one hundred million Dollars ($100,000,000), as such amount may be converted from time to time through a Currency Conversion ("Credit B", and together with Credit A, variously referred to as "Credits" or "Financing").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Credit Accounts shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

Provisions applicable to Credit A only

2.03. The Front-end Fee is one quarter of one percent (¼ of 1%) of Credit A.

2.04. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

2.06. The principal amount of Credit A shall be repaid in accordance with Section 3.10 of the General Conditions and Schedule 3 to this Agreement.

Provisions applicable to Credit B only

2.07. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Credit Balance.

2.08. The principal amount of Credit B shall be repaid in accordance with Section 3.05 of the General Conditions and the repayment schedule set forth in Schedule 3 to this Agreement.

Provisions applicable to Credits A and B

2.09. The Payment Dates are 15 February and August 15 in each year.

2.10. The Payment Currency is Dollar.

ARTICLE III — OPERATION; CONTINGENT EMERGENCY RESPONSE PROJECT

3.01. The Recipient declares its commitment to the objective of the Operation and the MPA Program and the Contingent Emergency Response Project ("CERP"). To this end, the Recipient shall: (a) carry out the Program and/or cause the Program Implementing Entities in accordance with the provisions of Article V of the Program General Conditions; (b) carry out the Project in accordance with Article V of the Project General Conditions all in accordance with Schedule 2 to this Agreement and the Program Agreements; and (c) shall carry out, or cause to be carried out, the CERP in accordance with Article V of the Project General Conditions.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) a situation has arisen which makes it improbable that the Program or a significant part thereof will be carried out;

(b) the PIE's Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the PIEs to perform any of its obligations under the Project Agreements; and

(c) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Program Implementing Entities of its obligations under the Project Agreement.

4.02. The Additional Events of Acceleration consist of the following:

(a) the event specified in sub-paragraph (c) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

(b) the events specified in sub-paragraphs (a) and (b) of Section 4.01 of this Agreement occur.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Subsidiary Agreements have been executed on behalf of the Recipient and the respective PIEs.

(b) the Recipient has adopted and submitted to the Association the Recipient's budget lines within finance law underpinning the Program's expenditure framework in a form and substance satisfactory to the Association;

(c) the Recipient has developed, approved, and adopted the Operational Manual set forth in Section I.C of the Schedule 2 to this Agreement in a form and substance satisfactory to the Association;

5.02. The Effectiveness Deadline is the date one hundred eighty days (180) days after the Signature Date.

5.03 For purposes of Section 10.05(b) of the Program General Conditions and of Section 10.05(b) of the Project 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister in charge of economy and finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Economy and Finance
PO Box 61
Antananarivo 101
Republic of Madagascar; and

(b) the Recipient's Electronic Address is:

Tresorddp.mg@gmail.com

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF MADAGASCAR

By:

M. Herinjatovo Aimé Ramiarison

Authorized Representative

Name: M. Herinjatovo Aimé Ramiarison

Title: Minister of Economy and Finances

Date: 08-May-2026

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Atouseck

Authorized Representative

Name: Atouseck

Title: Country Manager

Date: 08-May-2026

SCHEDULE 1

Program Description

The objective of the Operation is to increase access to sustainable and clean energy in Madagascar and improve financial performance of JIRAMA.

The Operation constitutes phase 14 of the MPA Program, and consists of the following activities which form a subset of the Madagascar M300 Energy Compact 2025-2030:

I. <u>The Program</u>

The Program consists of the following activities:

Result Area I. Increasing On-Grid Electricity Access

Supporting the expansion of reliable electricity access through grid-based and isolated center infrastructure, including: (i) hybridization of JIRAMA's isolated centers with solar PV and battery storage systems; (ii) extension and densification of distribution networks to connect households, public institutions, businesses, and productive use consumers to the interconnected grid and rehabilitated isolated centers; and (iii) reinforcement of distribution grid infrastructure using climate-hardened and resilient materials.

Result Area II. Improving JIRAMA's Financial Viability and Performance

Supporting the implementation of a financial recovery framework for JIRAMA to strengthen its fiscal sustainability and payment discipline, including: (i) execution of approved operational gap subsidies by the Ministry of Economy and Finance in full and on time; (ii) timely payment by JIRAMA of current invoices to fuel suppliers and Independent Power Producers (IPPs) within contractual due dates; (iii) implementation of an arrears clearance plan vis-à-vis fuel suppliers and IPPs through factoring arrangements and/or direct long-term repayment; and (iv) reduction of technical and commercial electricity losses through network rehabilitation, deployment of smart and prepaid meters, enhanced metering at feeder and transformer levels, and intensified measures against theft and fraud.

Result Area III. Strengthening JIRAMA's Governance and Institutional Capacity

Strengthening JIRAMA's governance framework and management practices to improve accountability, transparency, and operational performance, including support for: (i) functional restructuring and performance contract implementation; (ii) strengthening of internal audit and control functions; (iii) improvement of human resource management, including strategies to address staffing imbalances and increase female participation; (iv) enhancement of procurement processes and practices; and (v) development of strategies for sectoral investment planning.

Result Area IV. Expanding Energy Access through Decentralized Renewable Energy

Supporting the scale-up of decentralized renewable energy (DRE) solutions in rural and remote areas through a results-based financing (RBF) mechanism administered by ADER, including: (i) deployment of private sector–driven mini grid systems in underserved communities; (ii) distribution of standalone solar systems to households and public facilities, excluding free distribution so as to preserve market sustainability; (iii) promotion of productive uses of renewable energy (PURE) solutions to enhance rural livelihoods; and (iv) provision of viability gap funding and performance-based payments for verified new connections, combined with targeted end-user subsidies to address affordability constraints and ensure equitable access.

Result Area V. Deploying Clean and Improved Cooking Solutions

Supporting the large-scale market expansion of clean and improved cooking solutions through a results-based subsidy mechanism administered by MEH and ASCENT Mada, including: (i) incentivizing the verified deployment of quality-assured clean cooking equipment, including improved biomass stoves, liquified petroleum gas (LPG) solutions, ethanol stoves, and electric cooking technologies, excluding free distribution so as to preserve market sustainability; (ii) provision of targeted consumer subsidies to improve affordability for low-income households; (iii) strengthening of last-mile distribution networks for clean cooking products; and (iv) integration of gender-responsive measures to maximize benefits for women and children disproportionately affected by traditional cooking practices.

II. <u>The Project</u>

Supporting the Enabling Environment: technical assistance, policy and reforms

1.1. Institutional Support and Monitoring, Evaluation, and Learning

Supporting the Climate and Development Management Unit (CDMU) of the Ministry of Energy and Hydrocarbons (MEH) in the implementation, monitoring, and evaluation of Compact activities, through the provision of Technical Assistance to sectoral institutions, including the Ministry of Economy and Finance (MEF), MEH, the Electricity Regulatory Authority (ARELEC), the Rural Electrification Development Agency (ADER), and JIRAMA.

1.2. Job Creation, Incubation, and Economic Inclusion

Supporting job creation and economic inclusion in the energy sector, including: (i) provision of vocational training and professional inclusion programs targeting youth and women; and (ii) provision of catalytic grants to support the incubation and development of early-stage enterprises in the energy sector.

1.3. Program Coordination and Implementation Support

Supporting the overall coordination and management of Program implementation, including: (i) fiduciary management; (ii) environmental and social risk management; (iii) monitoring and reporting; and (iv) provision of goods, non-consulting services, consulting services, Training, and Operating Costs required for Program coordination and administration.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. **Fiduciary, Environmental and Social Systems for the Program**

Without limitation upon the provisions of Article V of the Program General Conditions, the Recipient shall carry out the Program, in accordance with financial management, procurement, and environmental and social management systems satisfactory to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

(a) the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

(b) the actual or potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

2. **MEH**

The Recipient shall vest the overall responsibility for the coordination, monitoring, and evaluation of the Operation in the MEH, and to this end, shall be responsible for the overall coordination of Operation activities and Operation oversight including: (a) defining, jointly with implementing agencies and the PIEs, the Program areas, based on technical and policy development priorities; (b) resolving challenges requiring high level intervention facing the Operation; (c) monitoring the implementation of the Operation; and (d) consolidating information from said agencies and reporting on progress of implementation and evaluation of the Program.

3. **Inter-Ministerial Steering Council (IMSC)**

(a) The Recipient shall:

(i) Establish and thereafter maintain, throughout the period of implementation of the Operation, a committee with composition, resources, and terms of reference satisfactory to the Association (the "Program Inter-Ministerial Steering Council" or "IMSC"); and

(ii) ensure that the IMSC: (A) is responsible for, *inter alia*, providing policy guidance, the general oversight of the Operation and the provision of strategic guidance and sector coordination; and (B) is chaired by the Minister of Energy and Hydrocarbons or his representative; and co-chaired by the Minister of Economy and Finance or his representative, and comprised of the Chief Executive Officer of JIRAMA, the Directors General of Treasury and Budget, and the Executive Secretaries of ADER and the Electricity Regulatory Authority (ARELEC).

(b) The IMSC shall meet at least biannually to: (i) review Program progress; (ii) review Project progress, (iii) endorse the Annual Work Plan and Budget; and (iv) support the resolution of high-level implementation issues.

4. **Technical Committee ("Operation TC")**

The Recipient shall:

(a) establish and thereafter maintain, throughout the period of implementation of the Operation, a technical committee with composition, resources, and terms of reference satisfactory to the Association ("Technical Committee or TC"); and

(b) ensure that the Program TC: (i) is responsible for, *inter alia*, reviewing technical progress and deliverables in the Program and the Project; identifying and addressing implementation constraints; harmonizing standards and methodologies across implementing entities; and contributing to the preparation of evidence for Disbursement Linked Result ("DLR") verification; and (ii) be composed of representatives from the key technical directorates of MEH, MEF, JIRAMA, and ADER.

5. **Operation Management Unit ("OMU")**

Without limitation upon the generality of Part A of this Section I, the Recipient shall cause MEH to:

(a) establish and thereafter maintain throughout the period of implementation of the Operation, an OMU with composition, resources, and terms of reference satisfactory to the Association ("Operation Management Unit" or "OMU");

(b) (i) ensure that the OMU shall be responsible for implementing the Operation and ensuring that the Financing proceeds are used for their intended purpose, and shall be composed of one full-time representative from each implementing entity (MEH, MEF, JIRAMA, and ADER), with the MEH representative serving as the Coordinator; (ii) recruit/appoint, and thereafter maintain throughout the period of Operation implementation, the following specialists, inter alia: financial management specialist, procurement specialist, and environmental and social specialist, with qualifications, experience and under terms of reference satisfactory to the Association; and (iii) prepare and consolidate semi-annual performance reports for submission to the IMSC and the Association.

6. **Regional Level Coordination Arrangements**

The Recipient shall during implementation of the Project, collaborate and coordinate with COMESA to outline arrangements that will facilitate the Recipient's participation in the regional energy access acceleration platform established under the MPA Program, and to draw on the technical assistance and other benefits available to the Recipient and other Participating Countries through said platform.

B. Subsidiary Agreement

1. **JIRAMA**

(a) To facilitate the carrying out of the JIRAMA's Respective Part of the Program, the Recipient shall make part of the proceeds of the Financing allocated from time to time to DLIs 1, 2, and 5 of the table set forth in Section IV.A.2 of this Schedule available to JIRAMA under a subsidiary agreement between the Recipient and JIRAMA, under terms and conditions approved by the Association, which shall include the obligation of JIRAMA including, *inter alia,* to: (i) carry out its respective part of the Program; (ii) implement its respective parts of the Program in accordance with the Program Operations Manual; (iii) ensure that activities described in Section II of this Schedule are excluded from its respective part of the Program; (iv) provide the necessary information to enable the Recipient to comply with the reporting requirements set forth in Section III of this Schedule; and (v) take all actions necessary to achieve the Disbursement Linked Results ("DLR") applicable to its respective parts of the Program ("JIRAMA Subsidiary Agreement").

(b) The Recipient shall exercise its rights 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. **ADER**

(a) To facilitate the carrying out of the ADER's Respective Part of the Program, the Recipient shall make part of the proceeds of the Financing allocated from time to time to DLIs 7 and 8 of the table set forth in Section IV.A.2 of this Schedule available to ADER under a subsidiary agreement between the Recipient and ADER, under terms and conditions approved by the Association, which shall include the obligation of ADER including *inter alia* to: (i) carry out its respective part of the Program Action Plan; (ii) implement its respective parts of the Program in accordance with the Program Operations Manual; (iii) ensure that activities described in Section II of this Schedule are excluded from its respective part of the Program; (iv) provide the necessary information to enable the Recipient to comply with the reporting requirements set forth in Section III of this Schedule; and (v) take all actions necessary to achieve the Disbursement Linked Results ("DLR") applicable to its respective parts of the Program ("ADER Subsidiary Agreement").

(b) The Recipient shall exercise its rights under the Subsidiary Agreement in such a 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.

C. Operational Manual

1. The Recipient shall:

(a) develop and furnish to the Association for its review, a draft Operation Manual for the Program and the Project (the "Operational Manual"), setting out detailed institutional, administrative, financial, technical and operational guidelines and procedures for the implementation of the Program, the Program Action Plan, and the Project including: (i) the definitions of the contours of the Program activities, including results framework, overall budget and detailed Program Expenditures; (ii) the detailed environmental and social risk mitigation measures and documents for the Program and the Project; (iii) description of the activities to be financed under the Operation, including the DLIs/DLRs, and the methodology for determining the achievement of DLRs for each Fiscal Year; (iv) financial management (including funds flow and budgeting) and procurement arrangements applicable to the Program and Project; (v) the protocols for reporting to the Association on, and sharing the findings of, any case of fraud and corruption denounced and/or investigated under the

Program and/or the Project, in accordance with the Anti-Corruption Guidelines; (vi) the Verification Protocol agreed with the Association for evaluating the achievement of the DLIs and their respective DLRs, including the annual schedule therefore; (vii) a monitoring and verification system for the Program and the Project; a; (viii) the grievance mechanism for the Program and the Project, as well as their associated protocols and procedures (including timelines) for addressing and reporting on grievance complaints; (ix) internal and external audit requirements, including regular submissions of audit reports to the Association for the Program and the Project; and (x) any other technical and organizational arrangements and procedures as shall be required for the Project.

(b) adopt (through MEH) and cause JIRAMA and ADER to adopt, such Operation Manual in a manner and substance satisfactory to the Association and thereafter ensure that the Program and the Project are carried out in in accordance with the Operation Manual.

2. The Recipient shall not amend, abrogate, or suspend, or permit to be amended, abrogated, or suspended any provision of the Operation Manual without the prior written agreement of the Association.

3. Notwithstanding the foregoing, if any provision of the Operation Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Verification Agents

The Recipient shall:

(a) recruit and thereafter maintain, at all times during the implementation of the Program, verification agents having experience and qualification, and under terms of reference, satisfactory to the Association ("Verification Agents"), to verify the data and other evidence supporting the achievement of one or more DLRs and recommend corresponding withdrawals to be made thereunder, as applicable; and

(b) ensure that the Verification Agents: (i) carry out the verification processes in accordance with the Verification Protocol; and (ii) submit to the Recipient or the Program Implementing Entities, as the case may be, and the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.

E. Program Action Plan

The Recipient shall:

(a) carry out the actions set forth in the Program Action Plan, or cause those actions to be carried out, in accordance with the schedule set out in the said Program Action Plan and in a manner satisfactory to the Association;

(b) except as the Association and the Recipient shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Program Action Plan, or any provision thereof; and

(c) maintain, or cause to be maintained, policies and procedures adequate to enable it as well as the Program Implementing Entities to monitor and evaluate the implementation of the Program Action Plan in a manner and substance satisfactory to the Association.

F. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

   (b) sufficient funds are available to cover the costs of implementing the ESCP;

   (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

   (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

G. Annual Work Plans & Budgets

1. The Recipient shall, by no later than November 30 of each year during the implementation of the Program as well as the Project, prepare and furnish to the Association an Annual Work Plan and Budget (AWPB) containing all activities proposed to be carried out under the Program and the Project during the following Fiscal Year, including the annual training plans, as well as the proposed financing plan for the expenditures required thereunder all in accordance with the Operation Manual.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views with respect to the AWPB, and, thereafter, ensure that both the Program and the Project are implemented with due diligence during said following Fiscal Year as shall have been approved, subject to the prior no-objection of the Association.

3. The Recipient shall not make or allow to be made any change(s) to the approved AWPB without the Association's prior written concurrence.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

(a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

(b) involve the procurement of: (1) works, estimated to cost $75 million equivalent or more per contract; (2) goods, estimated to cost $50 million equivalent or more per contract; (3) non-consulting services, estimated to cost $50 million equivalent or more per contract; or (4) consulting services, estimated to cost $20 million equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

1. The Recipient shall furnish to the Association each Program Report not later than one month after the end of each calendar semester, covering the calendar semester.

2. Without limitation upon the provision of Section 5.13 of the Program General Condition, the Recipient shall prepare and furnish or cause to be prepared and furnished periodic ACG Reports, in form and substance satisfactory to the Association not later than one month after the end of each calendar semester, covering the calendar semester.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. Without limitation upon the provisions of Article II of the General Conditions, the Recipient may withdraw the proceeds of the Financing: (a) in accordance with the Disbursement and Financial Information Letter for the Program, to finance Program Expenditures (inclusive of Taxes), on the basis of DLRs achieved by the Recipient or Program Implementing Entities, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); and (b) with respect of the Project, Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Category (11) of the table set forth in paragraph 2 of this Part A; and (c) in accordance with the Disbursement and Financial Information Letter for the CERP, to finance 100% of Eligible Expenditures (inclusive of Taxes) for the CERP.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators and Eligible Expenditures for the CERP as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

Category (including Disbursement Linked Indicator as applicable)	**Disbursement Linked Result (as applicable)**	**Disbursement Calculation Formula**	**Amount of Credit A Allocated (expressed in USD)**	**Amount of Credit B Allocated (expressed in USD)**
(1) DLI #1: Increase in renewable electricity supply to JIRAMA Isolated centers consumers (Megawatt hour (MWh))	DLR #1.1: JIRAMA has developed and launched a tender for a minimum of twenty-five (25) sites and has signed the contracts for the implementation of at least five (5) isolated centers	JIRAMA will receive $3,000,000 upon providing evidence of the launch of a tender for a minimum of 25 sites and evidence that contracts between JIRAMA and selected sourcing and/or EPC companies for the implementation of at least five (5) isolated centers have been signed and duly executed.		13,000,000
	DLR #1.2: Cumulative renewable electricity generated and supplied by new installations.	(a) 3200 MWh cumulative renewable electricity generated and supplied by the new established installation ($2,500,000) (b) 12,800 MWh cumulative renewable electricity generated and supplied by the new established installation ($5,000,000) 19,200 MWh cumulative renewable electricity generated and supplied by the new established installation ($2,500,000)		

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
(2) DLI #2: Cumulative number of new on-grid connections installed.	DLR #2.1: Connection plan and deployment strategy for 200,000 new on-grid connections targeted under the Program adopted and approved by JIRAMA's ---- DLR #2.2: Cumulative number of households accessing electricity services using mini grids	Yes/no Not to exceed $3,000,000 Upon achieving a threshold of a minimum batch of 25,000 verified new grid-based residential and non-residential connections, a disbursement of USD 200 per connection, up to 200,000 connections (not to exceed to $40,000,000)		43,000,000
(3) DLI #3: Amount of Government subsidies transferred to JIRAMA to cover JIRAMA's operational gap	DLR #3.1: Inclusion, in the Finance Law in year 2 and 3 of the Program, of a budget line with an allocation covering the total amount of JIRAMA's operational subsidy	Yes/No $5,000,000 per inclusion in the finance law and approval by MEF, MEH, and JIRAMA of an annual schedule of quarterly transfers (Not to exceed $10,000,000)	49,000,000	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
	requirements, and the approval by MEF, MEH, and JIRAMA of an annual schedule of quarterly transfers (including dates and amounts to be transferred)			
	DLR #3.2: Effective transfer of the full annual operational subsidy amount to JIRAMA's deposit account in accordance with the approved Annual Budget Law and Revised Annual budget Law, the debt restructuring plan, and the agreed transfer schedule.	3.2.1 A disbursement of \$17,000,000 Upon the effective transfer of the full annual operational subsidy amount per fiscal year, as set in the Finance Law, to JIRAMA's RGA deposit account (Operation year 1) 3.2.2 A disbursement of \$11,000,000 Upon the effective transfer of the full annual operational subsidy amount per fiscal year, as set in the Finance Law, to JIRAMA's RGA deposit account (Operation year 2) 3.2.3 A disbursement of		

Category (including Disbursement Linked Indicator as applicable)	**Disbursement Linked Result (as applicable)**	**Disbursement Calculation Formula**	**Amount of Credit A Allocated (expressed in USD)**	**Amount of Credit B Allocated (expressed in USD)**
		$11,000,000 Upon the effective transfer of the full annual operational subsidy amount per fiscal year, as set in the Finance Law, to JIRAMA's RGA deposit account (Operation year 3)		
(4) DLI #4 Decrease in the stock of arrears to private sector, ADER and ARELEC according to the Debt restructuring plan adopted by the JIRAMA Board in January 2026	DLR#4.1 Yearly payment by JIRAMA of its arears to ADER, and ARELEC in accordance with the Memoranda of Understanding signed between ADER and JIRAMA on February 25, 2026, and ARELEC and JIRAMA on February 25, 2026. DLR#4.2 Reduction, in a given fiscal year, of the stock of arrears owed by JIRAMA to private sector	A disbursement of USD 1,000,000 shall be made to JIRAMA per fiscal year, over four (4) annual periods, up to a maximum of USD 4,000,000, upon transfer by JIRAMA of the amounts agreed between JIRAMA and ADER. US$325,000 per percentage point of reduction of the stock of arrears over the baseline, up to a maximum of US$26,000,000. No disbursement shall be made unless the stock of arrears has been reduced		$30,000,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
	suppliers (IPPs and fuel suppliers) below the applicable threshold set out in the Debt Restructuring Plan,	by at least 10% over the baseline.		
(5) DLI #5 Decrease in total system Losses (technical and commercial)	DLI #5.1 % of total electricity system losses reduced by JIRAMA, defined as the percentage difference between electricity produced by JIRAMA and IPP power plants and electricity billed to customers, encompassing both technical losses (due to aging networks, overloading, and inadequate maintenance) and commercial losses (due to theft, fraud, metering inaccuracies,	(b) $1,750,000 per percentage of reduction from 28% to 23%. $1,250,000 upon achieving 21% reduction.	10,000,000	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
	and billing and collection inefficiencies),			
(6) DLI #6 Actions taken to strengthen JIRAMA's accountability and transparency systems	DLR #6.1: Signing and duly executing a contract between JIRAMA and a Deputy Managing Director, through competitive and transparent recruitment, in a manner satisfactory to the Association by December 31, 2026. DLR #6.2: JIRAMA Publicly disclosing its audited financial statement for the fiscal year 2025, in the official journal or in the JIRAMA, MEF, or the public treasury websites by June 30, 2027	YES/NO 1,000,0000 YES/NO 1,000,000 DLR#6.3 US$1,000,000 per report, up to a maximum of US$8,000,000.	$10,000,000	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
	DLR #6.3 Cumulative number of prepared and published bi-annual performance reports by JIRAMA, issued by August and February of each ongoing year, based on the implementation of the JIRAMA recovery plan, in accordance with the standards defined in the Program Operation Manual, approved by the JIRAMA Board of Directors, and published on the JIRAMA or the MEH website,			
(7) DLI #7	DLR #7 Management contract signed by ADER with	YES/NO	$5,000,000	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
	the competitively recruited Fund Manager and operational manual approved in accordance with the FNED decree, adopted by the Government			
(8) DLI #8 New electricity connections through Distributed Renewable Energy solutions supported by ADER	DLR #8: Cumulative number of new electricity connections through Distributed Renewable Energy solutions supported by ADER	ADER will receive USD 160 per connection upon achieving a minimum batch of 50,000 verified new DRE connections, up to 312,500 connections	$50,000,000	
(9) DLI #9 New clean or improved cooking appliances provided through subsidy mechanisms (LPG, electric cooking, solar cooker, bioethanol, biogas, improved wood and charcoal stoves)	DLR #9.1: MEH has approved a national clean cooking policy, strategy, and planning framework (PNTCC), together with the establishment of	YES/NO $4,000,000	$25,000,000	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)
	a clean cooking budget line and the adoption of the subsidy manual. DLR#9.2: Cumulative number of efficient and clean cooking appliances for households	Upon achieving a threshold of the first 100,000 verified clean cooking appliances distributed or deployed to households, MEH will receive USD 14 per clean cooking appliance, up to 1,500,000 appliances.		
(10) Eligible Expenditures for the CERP			0	
(11) Goods, consulting services, non-consulting services, Training and Workshops, and Operating Costs under the Project (Part 2 of the Operation).			625,000	14,000,000
(12) Front end Fee			375 000	
(13) Interest Rate Cap or Interest Rate Collar premium				
TOTAL AMOUNT				

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) on the basis of DLRs achieved prior to the Signature Date; or

(b) for any DLR under Category (1) to Category (9), until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved; or

(c) for Eligible Expenditures under Category (10), until and unless the Association has notified the Recipient that the conditions set forth in Section 5.15(a) of the Project General Conditions have been fulfilled; or;

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed $37,250,000 for Credit A and 21,500,000 for Credit B as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the provisions of paragraph (3) of this Part (B) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1) to (9) has not been achieved by the date by which the said DLR is set to be achieved, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the table under paragraph 2, Part A of this Section IV; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR(s) to any other DLR(s); and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR(s).

4. (a) Notwithstanding the provisions of Part B.1 of this Section, and without limitation to the provisions set forth in Section 8.03 of the General Conditions, the Association may cancel all or a portion of the Unwithdrawn Financing Balance under Category (11) if at any time the Association has determined and notified the Recipient that there is Lack of Progress on Project Implementation.

(b) For purposes of paragraph (a) above, the term "Lack of Progress on Project Implementation" means no withdrawals of Financing amounts requested by the Recipient from the Financing Account for twelve (12) or more consecutive months, following the Effective Date, and that the Project is not making progress in the achievement of the Project objective(s) as monitored by the indicators referred to in Section 5.08 of the General

Conditions, without the Recipient having taken timely and appropriate action satisfactory to the Association to rectify such issues.

5. The Closing Date is June 30, 2030.

SCHEDULE 3

Repayment Schedule

The Recipient shall repay the principal amount of the Credits in accordance with the tables set forth below.

Section I. **Repayment Schedule for Credit A**

Commitment-Linked Amortization Repayment Schedule
The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each February 15 and August 15: Beginning August 15, 2031 through August 15, 2049	2.63%
On February 15, 2050	2.69 %

Section II. **Repayment Schedule for Credit B**

The Recipient shall repay the principal amount of the Credit in accordance with the table set forth below.

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2037 to and including August 15, 2065	1.72%
On February 15, 2066	1.96%

* 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 3.05(b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “ACG Report” means the Recipient’s and Program Implementing Entity’s periodic report, to be prepared by BIANCO in accordance with this Agreement and the provisions of the Anti-Corruption Guidelines, including whether or not there has been: (a) any credible and material allegations and other indications of fraud and corruption under the Program which come to the Recipient’s attention during such period; (b) any investigations launched by BIANCO into such allegations, their progress and findings; and (c) any remedial or corrective actions taken or planned in response to such allegation or the findings of such investigations.

2. “ADER” means the Recipient’s Rural Electrification Development Agency established and operating pursuant Law 2017-02, or any successor thereto

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the Program General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.

4. “ARLEC” means the Recipient’s Electricity Regulatory Authority established and operating pursuant to Decree no2002-1550 dated 3/12/02.

5. “BIANCO” means the Recipient’s Independent Anti-Corruption Bureau established and operating pursuant to Decree no 2020-013.

6. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

7. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

8. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 11, 2026 , as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and

measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

10. “Environmental and Social Standards” or “ESSs” means, for purposes of paragraph 56 of the Appendix to the General Conditions, the standards referenced in said paragraph, effective on October 1, 2018, as published by the Association.

11. “Fiscal Year” or “FY” means January 1 to December 31.

12. “Inter-Ministerial Steering Council” or “IMSC” means the steering committee established by the Recipient for the Operation, referred to in Section I.A.3 of Schedule 2 to this Agreement.

13. “JIRAMA” means *Jiro sy rano Malagasy*, the Recipient’s state-owned electricity and water service provider established and operating pursuant to ordinance No. 75-024 of October 17, 1975.

14. “MEF” means the Recipient’s Ministry of Finance and any successor thereto.

15. “MEH” means the Recipient’s Ministry of Energy and Hydrocarbons and any successor thereto.

16. “MPA Program” means the multiphase programmatic approach program designed to increase access to sustainable and clean energy in Eastern and Southern Africa.

17. “Participating Countries” means the countries stated in the preamble of this Agreement and participating in the MPA Program and such other countries as may participate in the MPA Program from time to time.

18. “Program Action Plan” means the Recipient’s/Program Implementing Entity’s plan dated April 2, 2026, and referred to in Section I.E of Schedule 2 to this Agreement and the Program Agreements, as may be amended from time to time with the prior written agreement of the Association.

19. “Program Fiduciary, Environmental and Social Systems” means the Program financial management, procurement and environmental and social management systems, acceptable to the Association, and referred to in Section I.A.1 of Schedule 2 to this Agreement.

20. “Project General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 1, 2025).

21. “Operational Manual” or “OM” means the manual to be prepared and adopted in accordance with Section I.C of Schedule 2 to this Agreement.

22. "Program Implementing Entities" or "PIEs" means Jirama and ADER.

23. "Program General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IDA Financing, Program-for-Results Financing", dated December 14, 2018 (Last revised on July 1, 2025)

24. "Operation Management Unit" means the OMU established within MEH, as further detailed in Section I.A.5 of Schedule 2 to this Agreement.

25. "Rapid Response Option" or "RRO" means the use of all or any portion of the Credit that has been requested by the Recipient and accepted by the Association in accordance with the terms of this Agreement to assist in financing the CERP;

26. "Regional Bodies" means the regional institutions stated in the preamble of this Agreement and participating in the MPA Program and such other regional institutions as may participate in the MPA Program from time to time.

27. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

28. "Subsidiary Agreements" means the agreements to be signed and executed respectively between the Recipient and Jiram and ADER for the implementation of the Program, referred to in Section I.B. of Schedule 2 to this Agreement.

29. "Verification Agents means the Recipient's agencies to be selected and appointed in accordance with the provisions of Section I.D of the Schedule 2 to this Agreement and the Program Agreement for purposes of carrying out the verification of the Recipient's and the Program Implementing Entities' achievement of the DLRs.

30. "Verification Protocol" means the protocol agreed between the Recipient, the Program Implementing Entity and the Association, dated April 2, 2026, setting forth the means, procedures and evidence to be relied upon for certifying the achievement of the DLRs, as well as the responsible entities thereof, and the content and/or format of the reports to be furnished to the Association in support therefor, as the same may be amended from time to time with prior written agreement of the Association.