
CREDIT A – IDA SUW 8005-MG
CREDIT B – IDA 8004-MG

Financing Agreement

(Multimodal Transport and Logistics Project)

between

REPUBLIC OF MADAGASCAR

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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FINANCING AGREEMENT

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

WHEREAS, the Recipient has requested the following support to contribute to the financing of its project described in Schedule 1 to this Agreement, whose cost is estimated at the Signature Date at USD 305,000,000:

- i. the Recipient requested a financing in an amount of USD 200,000,000 from the Association;
- ii. the Recipient requested a financing in an amount equivalent to USD 100,000,000 from the Asian Infrastructure Investment Bank; and
- iii. a private investment in an amount equivalent to USD 5,000,000 to operationalize the Dry Port.

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:
 - (a) a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount one hundred five million (USD 105,000,000 USD) (“Credit A”),
 - (b) a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of ninety five million (USD 95,000,000) (“Credit B”), as such amounts may be converted from time to time through a Currency Conversion (together, Credit A and Credit B variously referred to as “Credits” or “Financing”); to: (a) assist in financing the Project; and (b) provide the Rapid Response Option (“RRO”).

- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement

Provisions applicable to Credit A only

- 2.03. The Front-end Fee is one quarter of one percent ($\frac{1}{4}$ of 1%) of Credit A.
- 2.04. The Commitment Charge is one-quarter of one percent ($\frac{1}{4}$ 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.
- 2.07. The Payment Dates are May 15 and November 15 in each year

Provisions applicable to Credit B only

- 2.08. The Maximum Commitment Charge Rate is one-half of one percent ($\frac{1}{2}$ of 1%) per annum on the Unwithdrawn Credit Balance.
- 2.09. The principal amount of Credit B shall be repaid in accordance with Section 3.05 of the General Conditions and the repayment schedules set forth in Schedule 3 to this Agreement.
- 2.10. The Payment Dates are April 15 and October 15 in each year.

Provisions applicable to Credits A and B

- 2.11. The Payment Currency is Dollar.

**ARTICLE III — PROJECT; CONTINGENT EMERGENCY RESPONSE
PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project and the Contingent Emergency Response Project (“CERP”). To this end, the Recipient, through its ministry in charge of transport: (a) shall carry out the Project and cause Part 1 of the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement, and (b) shall carry out, or cause to be carried out, the CERP in accordance with Article V of the General Conditions.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) The Project Implementing Entity shall have failed to comply with its obligations under the Subsidiary Agreement.
 - (c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project Implementing Entity will be able to perform any of its obligations under the Subsidiary Agreement.
 - (d) The Recipient or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Project Implementing Entity or for the suspension of its operations.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is March 31, 2027.
- 4.03. The Additional Events of Acceleration consist of any event specified in paragraphs (a) and (d) of Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- the Subsidiary Agreement shall have been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (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 :

Ministère de l'Economie et des Finances
BP 61
Antananarivo 101
Republic of Madagascar; and

(b) the Recipient's Electronic Address is:

E-mail:
tresorddp@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

Herinjatovo Aimé Ramiarison

Authorized Representative

Name: _____ Herinjatovo Aimé Ramiarison

Title: _____ Minister of Economy and Finances

Date: _____ 09-Jun-2026

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Atouseck

Authorized Representative

Name: _____ Atouseck

Title: _____ Country Manager

Date: _____ 07-Jun-2026

SCHEDULE 1

Project Description

The objective of the Project is to Enhance the efficiency, safety and climate resilience of selected transport and logistics infrastructure corridors in Madagascar.

The Project consists of the following parts:

Part 1: Modernization and Reform of Railway Transport

Financing works, goods, consultancy services, and operating support to improve the operational conditions and financial sustainability of the northern railway network, through the following:

1.1 Rehabilitation and Reinforcement of Priority Sections of the Tananarive – Côte Est (TCE) and Tananarive – Antsirabe (TA) Railway Lines

Carrying out the rehabilitation and strengthening existing northern railway infrastructure and enhancing resilience to extreme weather events, including, *inter alia*: (a) rehabilitation of up to 64 km of tracks and strengthening of 232 km of tracks along the TCE; (b) upgrading of 11 km of TA tracks to connect to a relocated oil depot; (c) construction of a 1.4 km bypass rail track connecting the TCE and TA lines; (d) repair of 25 metallic rail bridges, construction of drainage culverts, and raising of track platforms in flood-prone areas; and (e) rehabilitation of signaling systems, telecommunications equipment, train station buildings, fencing, and pedestrian footbridges.

1.2 Construction of Dry Port and Terminal Facility

Providing support to develop a 5-hectare rail/road logistics platform in Andronrakely on the outskirts of Tananarive, including: (a) carrying out the construction of yard tracks, maintenance facilities for rolling stock, a container storage area with a capacity of 800 twenty-foot equivalent units, and customs facilities; and (b) providing technical assistance for the preparation of the concession agreement for the operation and maintenance of the Dry Port terminal.

1.3 Support to Madarail Operations

Financing Madarail's eligible operating expenses including *inter alia* acquiring spare parts, equipment, repair services, providing technical assistance for the maintenance and overhaul of locomotives, rolling stock, machinery, and railway infrastructure, and consumables.

1.4 Preparatory Studies to Modernize the Fianarantsoa – Côte Est (FCE) Railway Line and to Restore Other Railway Lines

Carrying out preparatory studies for the FCE line, as well as preparatory studies for the restoration of the Tananarive – Antsirabe and Moramanga – Lac Alaotra railway lines.

1.5 Support to Capacity Building and Reform in Rail Transport

Carrying out capacity building and technical assistance activities, including: (a) reinforcement of the Ministry of Transport and Meteorology's institutional, regulatory, and planning capacities; (b) prospective studies to improve rail services and assess the potential for passenger services; (c) studies to devise policy measures fostering fair competition and road/rail intermodal transport; (d) capacity building for staff of the Rail Transport Directorate and the Land Transport Agency (ATT), including technical training and study tours; (e) an internship program for young graduates; (f) assess skills gaps and barriers to women's employment within Madarail; and (g) capacity building for project implementation agencies.

Part 2: Ports Rehabilitation, Waterways Reopening, and Maritime and River Transport Reform

Providing support to rehabilitate secondary ports, reopen navigation channels, and strengthen maritime and river transport governance, through:

2.1 Rehabilitation of the Port of Majunga

(a) restoration of the structural integrity of quay walls, repair of embankments, roads, and utility networks, and reinstatement of lighting systems and land-based facilities; and (b) development of a new harbor for artisanal fishing boats, encompassing the construction of a quay, installation of a quay wall, and provision of a floating pontoon.

2.2 Rehabilitation of the Port of Tuléar

(a) reconstruction of the central and south quays, including rehabilitation of surface pavement, utility networks, land improvements, and the port's electricity supply and lighting systems; (b) supply and installation of wharf fenders; and (c) rehabilitation of the access dike, including reinforcement of the embankment, protection against extreme weather events, and restoration of road surface.

2.3 Rehabilitation of the Pangalanes Canal

Providing support to reopen navigation channels along the canal's southern section (Mananjary to Farafangana, approximately 200 km), including: (a) spot dredging, widening works, bank protection, removal of aquatic plants, and construction of small crossing structures; (b) construction of small quays and berthing infrastructure, including reinforced concrete platforms and associated land improvements; (c) acquisition of canal maintenance equipment, including amphibious mechanical excavators, hydraulic suction

dredgers, barges, pontoons, and navigation safety boats; and (d) carrying out technical studies to modernize other sections of the canal.

2.4 Support to Management and Regulation of Maritime and River Operations

Providing technical assistance to support: (a) reforms of the legal framework governing port management for secondary ports; (b) improvement of port security in compliance with the International Ship and Port Facility Security (ISPS) code, including audits, development of a security plan, installation of safety and security equipment, and ISPS-certified training; (c) setup of a maritime and port single window, including a digital information management platform and digitization of administrative procedures; (d) preparation of a national cabotage strategy and regulatory framework; and (e) technical studies and financial modelling for the expansion of Majunga port.

2.5 Construction and Rehabilitation of Tertiary and Cabotage Ports

Carrying out technical studies, engineering designs, and phased civil works for selected cabotage ports in the areas of influence of Majunga and Tulear, covering quay or jetty structures, landing platforms, berthing areas, ramps, handling zones, storage sheds, climate-resilient utilities, navigation aids, and safety equipment.

2.6 Support to Jobs and Skills Improvement

(a) capacity building for the National School of Maritime Education, including enhancement of curricula to include training for maritime transport jobs accessible to women and outreach to secondary schools; (b) targeted capacity building for APMF's oversight of maritime and river transport, including technical training and study tours; (c) an internship program for young graduates at APMF; and (d) technical assistance to assess barriers to women's employment in the maritime sector and skills gaps at APMF and private maritime and port operators.

2.7 Capacity Building and Support to Ports, Maritime and River Agency of Madagascar's (APMF) Organizational and Financial Reform

Carrying out (a) an independent organizational and financial audit of APMF covering governance arrangements, organizational structure, staffing and skills gaps, and financial management and internal control systems, together with a prioritized, time-bound corrective action plan; and (b) initial implementation of priority corrective measures drawn from the approved action plan

2.8 Support to APMF for Project Implementation

Supporting Operating costs of the APMF Project Technical Unit.

Part 3: Rehabilitation and upgrade of Regional Airports and Support to Air Transport Sector

Financing civil works, goods, and consultancy services to ensure selected regional airports comply with international and national safety standards and to boost the climate resilience of airport infrastructure and operations, through the following:

3.1 Rehabilitation and upgrading and of Tamatave and Fort-Dauphin Airports

(a) rehabilitation of airside pavements and other airside components to climate-resilient standards; (b) replacement or installation of perimeter fencing and security surveillance equipment; (c) reconstruction or expansion of drainage systems to climate-resilient standards; (d) modernization or replacement of rescue and firefighting (RFF) vehicles, systems, and sheds; (e) upgrading or replacement of air navigation, communication, and meteorological equipment; (f) provision or replacement of miscellaneous ground support equipment; and (g) all related technical studies, audits, and supervision.

3.2 Rehabilitation and upgrading of Tulear Airport

Restoring compliance with safety and security standards and enhance climate resilience, including: (a) replacement or installation of perimeter fencing and security surveillance equipment; (b) reconstruction or expansion of drainage systems to climate-resilient standards; and (c) other facilities or equipment for the security of navigation operations, as determined based on the results of technical, financial, and environmental and social studies.

3.3 Support to Air Transport Sector Reform and Preparatory Studies

(a) preparation of a 20-year master plan for ADEMA's airports; (b) targeted capacity building and technical assistance to strengthen ADEMA's oversight of air transport with a focus on safety, asset management, and security management; (c) additional technical and aeronautical studies for selected regional airports, integrating climate resilience considerations; (d) technical assistance to improve ACM's safety and security oversight capacities; (e) an internship program for young graduates at ADEMA; (f) development of maintenance protocols for airports; and (g) technical assistance to assess barriers to women's employment in the aviation sector and skills gaps at ADEMA and private aviation service providers.

3.4 Capacity Building and Support to ADEMA's Organizational and Financial Reform

(a) carrying out an independent organizational and financial audit of ADEMA covering governance arrangements, organizational structure, staffing and skills gaps, and financial management and internal control systems, together with a prioritized, time-bound corrective action plan; and (b) initial implementation of priority corrective measures drawn

from the approved action plan, comprising capacity building activities, procurement of essential goods, and technical assistance to support governance, organizational, and financial management reforms.

3.5 Support to ADEMA for Project Implementation

Financing operating costs of the ADEMA Project Technical Unit.

Part 4: Support to Project Coordination and Resettlement

4.1 Support to Project Coordination

Provision of support for the management, implementation, monitoring and evaluation of the Project, including: (a) monitoring and evaluation surveys and studies, including baseline, mid-term review, completion report, and impact evaluation; (b) carrying out external financial audits; (c) Third-Party Monitoring for EAS/HS; (d) civic and citizen engagement and public information activities; (e) providing capacity building to establish the Project environmental and social management framework and systems, and (f) the arrangements for the independent verification of the PBCs; all through the provision of goods, technical assistance and Training, and the financing of Operating Costs

4.2 Support to Resettlement

Financing Involuntary Resettlement Costs related to land acquisition.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. General

- (a) The Recipient shall designate and charge its Ministry of Transport and Meteorology (MTM) with overall coordination of Project activities.
- (b) The Recipient shall ensure that the following implementation arrangements are maintained throughout the period of implementation of the Project.

2. Project Steering Committee

- (a) No later than three (3) months after the Effective Date, the Recipient shall establish and thereafter maintain throughout the implementation of the Project, a Project Steering Committee (PSC), with terms of reference, composition and resources, all acceptable to the Association.
- (b) Without limitation to the generality of Section I.A.2(a) of this Schedule, the PSC shall: (i) be chaired by the Minister of Transport or his/her designated representative, (ii) include representatives of the Recipient's key ministries, national agencies, and local stakeholders involved in the implementation of the Project including representative from the Ministry in charge of finance, land affairs, transport, environment, the private sector and civil society; and (iii) be responsible for providing oversight and orientation, advise on the Project on strategic directions and supporting activities, approve the Annual Work Plans and Budgets, ensure effective collaboration and cooperation between all key stakeholders, review the Project Reports.

3. Project Coordination Unit

- (a) No later than two (2) months after the Effective Date, the Recipient shall establish, and thereafter maintain throughout the implementation of the Project, a Project Coordination Unit, within MTM, with terms of reference, composition and resources acceptable to the Association.
- (b) Without limitation to the generality of Section I.A.3.(a) of this Schedule, the PCU: (i) shall maintain key staff in adequate numbers, each with terms of reference, qualifications and experience acceptable to the Association, including a coordinator, a procurement specialist, a monitoring and

evaluation specialist, a financial management specialist, an environmental and social specialist, and two accountants; (ii) shall be responsible for overall Project coordination including reporting, communication, monitoring and evaluation, consolidation of Project data, management of the relationships with the Association, and provide support to implementing agencies and Project Technical Units (PTUs); and (iii) under Part 2, 3, and 4 of the Project, shall be responsible for the fiduciary management, procurement, preparation of annual work plans and budgets, coordination of external audits.

4. Project Technical Units (PTUs).

The Recipient, shall cause the APMF and ADEMA, no later than three (3) months after Effective Date, establish and thereafter maintain throughout the implementation of the Project, two Project Technical Units in each of the APMF and ADEMA, one responsible for the technical aspects of Part 2 of the Project (“APMF Project Technical Unit ” or “APMF PTU”) and the other one for the technical aspects of Part 3 of the Project (“ADEMA Project Technical Unit” or “ADEMA PTU ”), and overseen by the PCU with a composition, mandate, and resources satisfactory to the Association and detailed in the POM.

5. Memorandum of Understanding (MOU) with Implementation Agencies.

The Recipient shall enter into an MOU with the APMF and ADEMA (“APMF MOU” and “ADEMA MOU”) respectively, pursuant to which the respective Implementing Agencies shall: (a) be responsible, for the technical implementation of the activities under their respective parts of the Project; and (b) collaborate with the PCU for the implementation of such activities.

B. Madarail

- (a) Throughout Project implementation, the Recipient shall maintain Madarail as a Project Implementing Entity, with responsibility for the implementation of Part 1 under the Project including for the daily implementation, coordination, monitoring, and reporting of Part 1 of the Project, on technical, fiduciary, and environmental and social aspects of Part 1 under the Project, in close coordination with key sectoral ministries, agencies, and actors involved in the Project, and with the terms of reference, qualified staff, resources and mandate satisfactory to the Association.
- (b) No later than two (2) months after the Effective Date and thereafter maintain throughout the implementation of the Project, the Recipient shall cause the Project Implementing Entity to: (i) establish a Project Implementation Unit (PIU), with staffing in adequate numbers, and with terms of reference, qualifications, integrity

and experience satisfactory to the Association, and with resources and mandate satisfactory to the Association; (ii) have responsibility for the day-to-day management and coordination of activities under Part 1 of the Project, including technical, environmental and social, monitoring and fiduciary aspects, as further detailed in the POM; and (iii) hire or appoint not later than two (2) months after the Effective Date: (A) a Project coordinator; (B) a procurement specialist; (C) environmental, social and gender-based violence specialists as further set out in the ESCP; (D) a financial management specialist; (E) an internal auditor; and (F) an accountant.

C. Subsidiary Agreement

1. To facilitate the carrying out of Part 1 of the Project by the Project Implementing Entity, the Recipient shall make the proceeds of the Financing allocated from time to time to Category (3) and Category (5) of the table set forth in Section III.A of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include *inter alia*:
 - (a) the obligation of the Project Implementing Entity to: (i) carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social, labor and technical standards and practices; (ii) provide promptly as needed, the facilities, services and other resources required for the Project; and (iii) without limitation upon the provisions of Section 5.03 of the General Conditions, provide, or cause to be provided, adequate security to the Project Implementing Entity, the contractors, sub-contractors and other parties involved in the implementation of the Project;
 - (b) the obligation of the Project Implementing Entity to: (i) exchange views with the Recipient, and the Association with regard to the progress of the Project, and the performance of its obligations under the Subsidiary Agreement; (ii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to Project implementation; and (iii) assist the Recipient in complying with its obligations referred to in Section II of this Schedule, as applicable to the Project;
 - (c) the obligation of the Project Implementing Entity to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, including but not limited to any Project-related accident or incident;

- (d) the obligation of the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Madarail POM and the ESCP;
 - (e) the obligation of the Project Implementing Entity to carry out the Project in compliance with the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
 - (f) the obligation of the Project Implementing Entity to: (i) maintain a financial management system and prepare Project's 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 Project; (ii) have such financial statements audited on an annual basis 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 no later than six (6) months after the end of the Project fiscal year; and (iii) submit the PIE's audited financial statements to the Bank annually, and promptly furnish the statements as so audited to the Recipient and the Association, and no later than six (6) months after the end of the Project fiscal year; and
 - (g) the right of the Recipient to take remedial actions against the Project Implementing Entity, in case the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the subsidiary financing transferred to the Project Implementing Entity pursuant to the Subsidiary Agreement (as the case may be).
2. The Recipient shall exercise its rights under the Subsidiary Agreement and cause the Project Implementing Entity to do the same, in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
3. Except as the Association shall otherwise agree, the Recipient or the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of their provisions. Notwithstanding the foregoing, if any of the provisions of the Subsidiary Agreement is inconsistent with the provisions of this Agreement or the Project Operations Manual, as the case may be, the provisions of this Agreement shall prevail and govern.

D. Project Operation Manuals

- 1 PCU Project Operation Manual (PCU POM)

- (a) The Recipient shall develop, adopt, maintain, throughout the period of implementation of the Project, an operations manual for the Project (“PCU POM”) in form and substance acceptable to the Association, which shall include the rules, guidelines, standard documents and procedures for the carrying out of the Project, including *inter alia* the following: (i) a detailed description of the Project and the institutional and implementation arrangements of the Project; (ii) the environmental and social obligations and arrangements for the Project, including a detailed description of the grievance mechanism process as well as any process for recording and reporting Project-related accidents and incidents; (iii) the indicators to be used in the monitoring and evaluation of the Project and procedures for Project reporting, monitoring, supervision and evaluation, including the format and content of the Project Reports; (iv) financial management, internal and external audit and independent verification arrangements; and (v) the requirements of the Procurement Regulations and Anti-Corruption Guidelines; and such other arrangements and procedures as shall be required for the effective implementation of the Project.
- (b) The Recipient shall refrain from amending, suspending, waiving, and/or voiding any provision of the PCU POM, whether in whole or in part, without the prior written concurrence of the Association.
- (c) The Recipient shall ensure that the Project is implemented in accordance with the provisions of the PCU POM. In the event of a conflict between the provisions of the PCU POM and those of this Agreement, the provision of this Agreement shall prevail.

2- MADARAIL POM

- (a) The Recipient shall cause the Project Implementing Entity, to develop, adopt and maintain, throughout the period of implementation of Part 1 of the Project, a MADARAIL POM in form and substance acceptable to the Association, which shall contain: (i) a detailed and sequenced description of Part 1 Project activities with a timeline and ongoing planning and budgeting procedures and staffing plan; (ii) descriptions and guidelines for the application of all implementation, monitoring and evaluation arrangements, reporting, financial management procedures, contract management, grievance redress mechanism, procurement procedures and procedures to implement to comply with the Anticorruption Guidelines and the Environmental and Social Standards, including resources building plans and inspection matters; and (iii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for purposes of implementing the Project.

- (b) The Recipient through the Project Implementing Entity shall refrain from amending, suspending, waiving, and/or voiding any provision of the MADARAIL POM, whether in whole or in part, without the prior written concurrence of the Association.
- (d) The Recipient shall ensure that the Project is implemented in accordance with the provisions of the PCU POM, MADARAIL POM. In the event of a conflict between the provisions of the POMs and those of this Agreement, the provision of this Agreement shall prevail.

3 PBC Manual

Without limitation to the generality of paragraph 1, and 2 above, for purposes of carrying out the PBCs set forth in Schedule 4 to this Agreement, the Recipient and the PEI shall:

- (a) prepare a manual acceptable to the Association (“PBC Manual”) and, upon approval by the Association, integrate said PBC Manual as an annex to the PCU POM, and MADARAIL POM;
- (b) implement the PBCs in accordance with the requirements set forth in the PBC Manual; and
- (c) not assign, amend, abrogate, or waive the PBC Manual or any of its provisions, except with the prior written approval of the Association. In case of any conflict between the terms of the PBC Manual and those of this Agreement, the terms and conditions of this Agreement shall prevail.

E. Performance-Based Conditions

- 1. For the purposes of carrying out Parts 1.3, 2.7, and 3.4 of the Project, the Recipient and the PIE shall:
 - (a) ensure that the activities subject to PBCs are carried out with due diligence and efficiency and in accordance with sound standards and practices acceptable to the Association, in particular in accordance with this Agreement, the PBC Manual, and associated documents;
 - (b) adhere to the Anti-Corruption Guidelines and ensure that the goods and services required are procured in accordance with the Procurement Regulations;
 - (c) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations and expenditures received; and

- (d) enable the Association and the Recipient to inspect its facilities, operations and any records and documents relevant to the activities subject to PBCs; and prepare and furnish to the Association and Recipient all such information as either shall reasonably request relating to said activities.
- 2. The Recipient shall recruit, not later than two (2) months after the Effective Date, and thereafter maintain throughout Project implementation, a verification agent (“Verification Agent”) with qualification, experience and under terms of reference satisfactory to the Association, to undertake the verification of the achievement of the results under the PBCs, in accordance with the Verification Protocol.
- 3. The Recipient shall, not later than forty-five (45) days after the verification of compliance with/achievement of the PBCs for the pertinent calendar year has been completed, to ensure that the Verification Agent, prepares and furnishes to the Recipient and the Association a report on the results of said verification process of such scope and in such detail as the Association shall reasonably request.

F. Annual Work Plans and Budgets

- 1. The Recipient shall, not later than one (1) month after the Effective Date for the Fiscal Year in which this Agreement shall become effective, and November 30 of each subsequent Fiscal Year, consolidate and furnish to the Association for the Association’s no objection, a consolidated annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget which shall include the funds from the Financing, as well as any other funds which may become available for the implementation of the Project.
- 2. Without limitation to the provision of Section I.F.1 of this Schedule, each annual work plan and budget prepared under Section I.F.1 of this Schedule shall set forth: (a) a detailed description of the planned activities, under the Project for the period covered by the plan; (b) the sources and proposed use of funds therefore; (c) procurement and environmental and social safeguards arrangements therefor, as applicable; and (d) responsibility for the execution of said Project activities, budgets, start and completion dates, outputs and monitoring indicators to track progress of each activity.
- 3. The Recipient shall exchange views with the Association on each such proposed consolidated annual work plan and budget and take into account comments which the Association may have before finalizing its annual work plan and budget not later than one (1) month after the date referred to in Section I.F.1 of this Schedule (once finalized, an “Annual Work Plan and Budget”).
- 4. The Recipient shall carry out the activities included in each of the Annual Work Plans and Budgets during the Fiscal Year to which they relate. Annual Work Plans

and Budgets may be revised during the Fiscal Year to which they relate, with the prior written agreement of the Association.

G. Environmental and Social Standards.

1. The Recipient shall, and shall cause the Project Implementing Entity to, 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, and shall cause the Project Implementing Entity to, 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, and shall cause the Project Implementing Entity to, 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, and shall cause the Project Implementing Entity to, 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, and shall cause the Project Implementing Entity to, 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.
- 6. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

- 1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester, and which shall include inputs from MADARAIL on its Respective Part of the Project.
- 2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure, and cause MADARAIL to ensure, that such information, report or document does not include Personal Data.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions, the Recipient may withdraw the proceeds of the Credit: (a) to finance Eligible Expenditures for the Project or the CERP in accordance with the respective Disbursement and Financial Information Letter; and (b) to pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar

premium; all in the amount allocated and, if applicable, up to the percentage set forth against each Category in the following table:

Category	Amount of Credit A (SUW) Allocated (expressed in USD)	Amount of Credit B (PBA) Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for Part 3 (except for Part 3.4), and 4 (except for Part 4.2) under the Project	15,312,766	15,552,188	Percentage to be determined in the annual workplan and budget
(2) Goods, works, non-consulting services, and consulting services for Parts 2 (except for Part 2.7) under the Project	32,627,908	33,138,060	Percentage to be determined in the annual workplan and budget
(3) Goods, works, non-consulting services, and consulting services for Parts 1 (except 1.3) of the Project (MADARAIL)	43,016,994	43,689,584	Percentage to be determined in the annual workplan and budget
(4) Eligible Expenditures for the CERP	0	0	100%
(5) Payments for PBCs under Part 1.3 of the Project (MADARAIL)	10,000,000	0	100%
(6) Payments for PBCs under Parts 2.7 and 3.4 of the Project (PCU)	1,200,000	0	100%
(7) Land Acquisition and Resettlement Costs under Part 4.2 of the Project	2,579,832	2,620,168	100%

Category	Amount of Credit A (SUW) Allocated (expressed in USD)	Amount of Credit B (PBA) Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(8) Front-end Fee	262,500		Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.08 (b) of the General Conditions
(9) Interest Rate Cap or Interest Rate Collar premium	0	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	105,000,000	95,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or for payments under Category (2) until and unless the Co-Financing Agreement shall have been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled; and
 - (b) for payments under Category (5) and (6) with respect to each PBC, as set forth in Schedule 4, for which a withdrawal request has been submitted, until and unless the Recipient has also submitted:

- (i) evidence, in form and substance satisfactory to the Association, of the Eligible PBC Expenditures paid, as reported in the interim financial report and verified pursuant to the Verification Protocol; and
 - (ii) supporting documentation confirming the Recipient and PIE's achievement of the respective PBC or PBCs in form and substance satisfactory to the Association, as further elaborated in Schedule 4 and as set forth in the Verification Protocol, including, but not limited to, a report issued by the Verification Agent, confirming the achievement of the respective PBC or PBCs.
- 2. Notwithstanding the provisions of Part B.1(b) of this Section:
 - (a) The Recipient may request withdrawals of the Financing when the relevant Eligible PBC Expenditures have been incurred, but prior to the PBCs having been met, provided that the Recipient shall: (i) achieve such PBCs no later than the Closing Date; and (ii) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date; provided however, that if by the Disbursement Deadline Date, the Recipient has failed to provide the Association evidence satisfactory to the Association that one or more PBCs have been fully achieved, the Recipient shall, upon notice from the Association, promptly refund to the Association the Withdrawn Financing Balance related those expenditures under the Eligible PBC Expenditures under Category (5) and (6). Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
 - (b) If any of the PBCs referred to in Schedule 4 to this Agreement has not been achieved, the Association may, after consultation with the Recipient, by notice to the Recipient: (i) reallocate all or a portion of the proceeds of the Financing then allocated to said PBC to any other PBC or any other Category; and/or (ii) cancel all or a portion of the proceeds of the Financing then allocated to said PBC.
- 3. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for Eligible Expenditures under Category (4), until and unless the Association has notified the Recipient that the conditions set forth in Section 5.15 (a) of the General Conditions have been fulfilled.
- 4. The Closing Date is September 30, 2031.

Section IV. Other Undertakings

Dry Port Operations Contract

No later than twelve (12) months after Effective Date, or such other date as agreed by the Association, the Recipient, through MADARAIL, shall, under Part 1.2 of the Project, procure, on a competitive and transparent basis, or through any other procurement process acceptable to the Association, a Dry Port Operations Contract, structured on a performance-based framework, in form and substance satisfactory to the Association, to finance the complementary facilities, render the new terminal fully operational, and ensure service quality, operational sustainability, and private sector participation in the management thereof.

SCHEDULE 3

Repayment Schedule

Repayment of Credit A (SUW)

Commitment-Linked Amortization Repayment Schedule

The Recipient shall repay the principal amount of the Credit in accordance with the following table, which 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”).

Principal Payment Date	Installment Share
On each May 15 and November 15: commencing May 15, 2031 to November 15, 2050	2.5%

Repayment of Credit B (PBA)

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 April 15 and October 15: Commencing October 15, 2037 to October 15, 2065 and including	1.72%
On April 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.

SCHEDULE 4

PERFORMANCE-BASED CONDITIONS

Title	PBC and formula when applicable	Amount of the Credit Allocated in USD
PBC#1: Improved Operational Reliability of Madarail through Traffic-Ready Locomotive Availability (locomotive types AD18, AD19, AD16, and BB700)	PBC#1.1: 35% of average locomotive time-based availability rate achieved by Madarail calculated over the 3 months immediately preceding the measurement date, as set forth in the PBC Manual and as per agreed methodology and verified by the Independent Verification Agent. PBC#1.2: 60% of average locomotive time-based availability rate achieved by Madarail calculated over the 3 months immediately preceding the measurement date, as set forth in the PBC Manual and as per agreed methodology and verified by the Independent Verification Agent.	PBC 1.1: 6,000,000 From a baseline of 11%, for each percentage point of average locomotive time-based availability achieved by Madarail above 20%, a proportional disbursement shall be made, up to a maximum of USD 6,000,000 upon reaching 35% availability. PBC 1.2: 4,000,000 From a baseline of 35%, for each percentage point of average locomotive time-based availability achieved by Madarail above 40%, a proportional disbursement shall be made, up to a maximum of USD 4,000,000 upon reaching 60% availability.
PBC#2: Strengthened Organizational and Financial Governance	PBC#2.1:	PBC 2.1: 100,000

of APMF through Audit Completion and Initial Corrective Actions	APMF's Board has completed and approved an independent organizational and financial audit of APMF assessing governance arrangements, organizational structure, staffing and skills gaps, and financial management and internal control systems; and includes a prioritized, time-bound corrective action plan, in form and substance satisfactory to the Association, as set forth in the PBC Manual and as per agreed methodology and verified by the Independent Verification Agent. PBC#2.2: Based on the adopted time-bound corrective action plan, APMF has completed the corrective actions as set forth in the PBC Manual and as per agreed methodology and verified by the Independent Verification Agent.	PBC 2.2: 500,000 From a baseline of 0, for each corrective action completed, a proportional disbursement shall be made, up to a maximum of US\$500,000 upon completion of all actions.
PBC#3: Strengthened Organizational and Financial Governance of ADEMA through Audit Completion and Initial Corrective Actions	PBC#3.1: ADEMA's Board has completed and approved an independent organizational and financial audit of APMF assessing governance arrangements, organizational structure, staffing and skills gaps, and financial management and internal control systems; and includes a prioritized, time-bound corrective action plan, in form and substance satisfactory to the Association, as set forth in the PBC Manual and as per agreed methodology and verified by the Independent Verification Agent. PBC#3.2: Based on the adopted time-bound corrective action plan, ADEMA has completed the corrective actions as set forth in the PBC Manual and as per agreed methodology and verified by the Independent Verification Agent.	PBC 3.1: 100,000 PBC 3.2: 500,000 From a baseline of 0, for each corrective action completed, a proportional disbursement shall be made, up to a

		maximum of US\$500,000 upon completion of all actions.
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APPENDIX

Section I. Definitions

1. “Aéroports de Madagascar” or “ADEMA” means an airport operator established on the Recipient’s territory as a public limited company (société anonyme), and operating pursuant to its articles of incorporation (Statuts) dated July 17, 2015, as they may be amended from time to time.
2. “ADEMA MOU” means the memorandum of understanding to be entered into by the Recipient and ADEMA for the purposes of the Project in accordance with Section I.A.5 to this Agreement.
3. “Agence Portuaire Maritime et Fluviale” or “APMF” means the Recipient’s Port Authority, a public entity established and operating pursuant to the Recipient’s Decree No. 2003-659 dated June 4, 2003.
4. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 (a) of the Appendix to the General Conditions, 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 and as of July 1, 2016.
5. “Annual Work Program” means each annual work program prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement; and “Annual Work Programs” means more than one Annual Work Program.
6. “APMF MOU” means the memorandum of understanding to be entered into by the Recipient and APMF for the purposes of the Project.
7. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
8. “Co-financier” means Asian Infrastructure Investment Bank.
9. “Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, an amount of USD 100,000,000 equivalent, to be provided by the Co-financier to assist in financing the Project.
10. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
11. “Dry Port Operations Contract” means the contract to be signed and entered into force between Madarail or any other designated authority and a private operator,

structured on a performance-based framework, in form and substance satisfactory to the Association, to finance the complementary facilities, render the new terminal fully operational, and ensure service quality, operational sustainability, and private sector participation in the management thereof.

12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 3, 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.
13. “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.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 1, 2025).
15. “Land Acquisition and Resettlement Costs” means the expenditures incurred for land acquisition, and cash compensation and/ or other assistance paid for involuntary resettlement, as set forth in the relevant site-specific Resettlement Action Plans, acceptable to the Association.
16. “Madarail” means a rail operator established on the Recipient’s territory as a public limited company (société anonyme), and operating pursuant to its articles of incorporation (Statuts) dated May 16, 2022, as they may be amended from time to time.
17. “MADARAIL POM” means the Project Implementing Entity’s manual acceptable to the Association, containing, *inter alia*: (i) specific provisions on detailed implementation arrangements for the carrying out of Part 1 of the Project; (ii) the procurement, financial management and disbursement requirements thereof; (iii) the performance indicators; (iv) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines (which shall be annexed thereto); as said manual may be amended from time to time with the Association’s prior written consent.
18. “MTM” means the Recipient’s ministry in charge of Transport and Meteorology, or its successor.

19. “Operating Costs” means incremental costs incurred on account of Project implementation, monitoring and evaluation, including: (i) purchase, operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) equipment and computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies and equipment; (v) rent for office facilities; (vi) utilities and insurances; (vii) travel and *per diem* costs for technical staff carrying out Training (as hereinafter defined), supervisory and quality control activities.
20. “PBC” means a performance-based condition referred to in Schedule 4 to this Agreement; and “PBCs” means more than one PBC.
21. “PBC Manual” means the Recipient’s manual referred to in Section I.D.3 of Schedule to this Agreement, to be attached as an annex to the POM, at all times in form and substance acceptable to the Association containing, *inter alia*: (a) the list of PBCs, including the Verification Protocol; (b) the respective roles and responsibilities in the achievement of the PBCs; and (c) the accounting, financial management, auditing and reporting arrangements; as said manual may be amended from time to time with the Association’s prior written consent.
22. “PCU” or “Project Coordination Unit” means the unit referred to in Section I.A of Schedule 2 to this Agreement established by the Recipient by *arrete* responsible for, among other things, carrying out Part 2,3, and 4 of the Project.
23. “PCU POM” means the Recipient’s manual acceptable to the Association, containing, *inter alia*: (i) specific provisions on detailed implementation arrangements for the carrying out of the Project including the roles and responsibilities of the different entities participating in Project implementation; (ii) the procurement, financial management and disbursement requirements thereof; (iii) the performance indicators; (iv) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines (which shall be annexed thereto); (v) the Verification Protocol; (vi) the PBC Manual; as said manual may be amended from time to time with the Association’s prior written consent.
24. “Procurement Regulations” means, for purposes of paragraph 92 (a) of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated February 2025.
25. “Project Agreement” means the agreement of even date entered into between the International Development Association and the Project Implementing Entity.
26. “Project Implementing Entity” means MADARAIL.

27. “Project Implementing Entity Legislation” means its articles of incorporation (Statuts) dated May 16, 2022- as amended from time to time.
28. “Project Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement, established by the Recipient ministry in charge of transport by *arrete*, responsible for, among other things, the oversight of the implementation of the Project.
29. “Project Technical Units” or “PTUs” means the units, established within APMF and ADEMA, referred to in Section I.A.4 of Schedule 2 to this Agreement established by the respective entities, responsible for, among other things, carrying out respectively the technical aspects of Parts 2 and 3 of the Project.
30. “Rapid Response Option” or “RRO” means the use of all or any portion of the Financing 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.
31. “Resettlement Action Plan” means the Recipient’s plan to be prepared or updated, disclosed, consulted upon, and adopted for the Project, as set out in the ESCP, in accordance with the Environmental and Social Standards. “Resettlement Action Plans” means more than one Resettlement Action Plan.
32. “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.
33. “Subsidiary Agreement” means the Subsidiary Agreement referred to in Section I.C. of Schedule 2 to this Agreement, to be entered into between the Recipient and the Project Implementing Entity.
34. “Training” means the reasonable cost, as approved by the Association through an Annual Work Plan and Budget, of training, study tours, internship programs, conferences and workshops conducted and/or attended by staff from the Recipient and/or other stakeholders, in the territory of the Recipient or, subject to the Association’s prior no objection, overseas, including the purchase and publication of materials, rental of facilities, course fees, and lodging, travel expenses and *per diems* for trainers and/or trainees.
35. “Verification Agent” means the agent referred to in Section I.E of Schedule 2 to this Agreement to be selected and appointed by the PCU under terms and conditions acceptable to the Association for purposes of verifying achievement of PBCs under the Project.

36. "Verification Protocol" means the PBC verification process referred to in Section I. E.2 of Schedule 2 to this Agreement and set forth in the PBC Manual.

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