
CREDIT NUMBER 8021-MG

Financing Agreement

**Madagascar Youth Skills for Economic Transformation and Jobs Project
(Under Phase 2 of the Multi-Phase Programmatic Approach (MPA) Skills for
Economic Transformation and Jobs (SET4JOBS) Program in Eastern and Southern
Africa)**

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”). The Recipient and the Association.

WHEREAS:

- A. The Participating Countries and the Regional Bodies have agreed to participate in the MPA Program.
- B. Under Phase 2 of the MPA Program, the Association will extend financing to the Recipient.
- C. Under subsequent phases of the MPA Program the Association and/or the International Bank for Reconstruction and Development may extend financing to other Participating Countries.
- D. 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.

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 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 (variously, “Credit” and “Financing”), to: (a) assist in financing the project described in Schedule 1 to this Agreement (“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.

- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are April 15 and October 15 in each year.
- 2.05. The principal amount of the Credit 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.
- 2.06. 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 MPA Program and the Contingent Emergency Response Project (“CERP”). To this end, the Recipient shall: (a) carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.
- 4.02. 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 V— REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient’s Representative is its minister responsible for economy and finance.
- 5.02. 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

5.03. 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



Authorized Representative

Name: Herinjatovo Aimé Ramiarison

Title: Minister of Economy and Finances

Date: 30-Apr-2026

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Fily Sissoko

Title: Division Director

Date: 22-Apr-2026

SCHEDULE 1

Project Description

The objective of the Project is to increase the number of graduates with skills needed to access jobs in priority sectors.

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

Part 1. Improving Training Quality and Workforce Readiness

Financing grants, scholarships, works, goods, and technical assistance to strengthen industry linkages, institutional management, and job-focused training delivery in selected public TVET institutions at secondary and tertiary levels, through:

1.1 Strengthen industry linkages, autonomy, and accountability of selected TVET centers through the gradual rollout of performance-based grants

- (a) providing grants to selected public TVET institutions offering training programs in priority sectors guided by multi-year strategic investment plans endorsed by institutional advisory boards;
- (b) providing scholarships for women and vulnerable youth enrolled in selected TVET institutions, with priority given to students from cyclone- and flood-prone regions and those at risk of dropping out due to climate-induced income losses or access disruptions;
- (c) carrying out the rehabilitation of selected TVET facilities and procurement of equipment;
- (d) carrying out behavioral science-informed outreach campaigns, including through digital channels, to address social norms that dissuade female participation in training programs; and
- (e) providing technical assistance and capacity building to: (i) improve physical access to and climate resilience of public TVET institutions; (ii) strengthen cross-cutting competencies, including digital literacy, soft skills, and language skills; (iii) enhance intermediation services at the institutional level, including career guidance, CV and interview coaching, and a graduate tracking system, and (iv) link female trainees pursuing higher-value career paths with women's industry associations for mentorship.

1.2 Support the Establishment of Flagship TVET Centers in Partnership with High-Profile Private Sector Companies

Providing support to selected Flagship TVET centers, in partnership with private sector companies, including: (a) carrying out the co-design and development of specialized curricula and degree pathways incorporating transversal skills, including digital skills and entrepreneurship; (b) acquiring energy-efficient and climate-resilient equipment and materials; (c) establishing sector-specific digital laboratories; and (d) carrying out training of trainers.

1.3 Equip TVET Centers with Reliable Electricity Access (PBC1)

Supporting the long-term sustainable provision of electricity access to Selected TVET centers through service-based models, enabling supported centers to: (a) serve as hub institutions providing technical support and mentoring to satellite public TVET centers ; (b) offer online courses to unlock hybrid training delivery and ensure continuity of training during climate shocks; (c) expand off-site skills training in rural areas through online and hybrid delivery modalities; and (d) support the transmission of early warning messages and emergency guidance related to climate hazards.

Part 2 Expanding Employment Pathways and Skills Recognition

Financing skills training programs, recognition of prior learning, and related technical assistance to boost productivity and employability of working youth, recent graduates, and youth with little to no formal education, including those who are not in employment, education, or training (NEET), through:

2.1 Expand Flexible, Short-Term Skills Training Programs for High-Priority Sectors via Skills Fund

Providing support to expand the Malagasy Skills Fund through a dedicated financing window to finance: (i) demand-driven certifying short-term skills training for youth through competitive calls for proposals aligned with sector-specific training packages, delivered by eligible providers including public and private TVET institutions, private firms, industry associations, and non-governmental organizations; (ii) structured dual-training programs, including tripartite agreements between training centers, firms, and trainees; and (iii) a comprehensive entrepreneurship package combining training with mentorship.

2.2 Scale Up Recognition of Prior Learning (RPL) for Better Jobs and Productivity

Expanding RPL via accredited TVET centers, aligned with the national qualifications framework and relevant occupational standards, including: (i) assessor training and development of standardized assessment tools; (ii) accreditation of TVET institutions authorized to assess candidates' competencies under the national RPL system; (iii) development of digital tools to support RPL; and (iv) provision of nationally

recognized certifications, including partial certifications and units of competency, and referrals to additional training opportunities and employment support services for individuals with identified skills gaps.

Component 3: Strengthening the Governance and Coordination of Skills Development Systems

Financing technical assistance, capacity building, goods, and digital systems to enhance skills development governance and coordination, with employers in priority sectors at the center of curriculum design, training co-delivery, work-based learning, competency standards, and qualifications frameworks, through:

3.1 Expand Institutional Capacity and Private Sector Engagement at the System Level

Strengthening of the regulatory framework to incentivize employer engagement in training delivery, joint curriculum design, and alignment of modular programs with national occupational standards and work-based learning opportunities;

(a) Strengthening and operationalization of sectoral platforms that enhance coordination among government, employers, and training providers to identify and respond to emerging skills needs in priority sectors, including those linked to climate adaptation and the country's NDC mitigation commitments.

(b) Providing technical assistance to modernize the national certification system to expand recognized, demand-driven training pathways, including: (i) updating industry-driven occupational standards, curricula, and programs including short-term training; (ii) building trainer capacity; and (iii) recognizing prior learning and informal skills via industry and private sector partnerships.

3.2 Build Digital TVET Management Information System (MIS)

(a) (i) Acquiring, developing, and carrying out the rollout of a TVET MIS at secondary and tertiary levels to collect gender-disaggregated data on enrollment, instructors, infrastructure, and outcomes, including the design of a tracer system to monitor employment, education, and self-employment pathways of TVET graduates, and the introduction of digital mechanisms for monitoring emerging skills and identifying future-oriented qualifications, and (ii) acquiring equipment and materials for beneficiary Ministries;

(b) project coordination and management through the Project Implementation Unit (PIU), by financing (i) Project-related equipment and Operating Costs; (ii) monitoring and evaluation; (iii) training; (iv) technical assistance and studies; (v) communication and information dissemination activities; and (vi) workshops and seminars.

Part 4 Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall maintain through Project implementation, in form and substance and with resources and functions satisfactory to the Association, including with staff with qualifications, experience and terms of reference satisfactory to the Association, Project entities as follows:

(a) Project Steering Committee

The Recipient shall establish no later than two (2) months after the Effective Date, or such later date as agreed by the Association, and thereafter maintain throughout Project implementation, a Project Steering Committee (the "PSC") with terms of reference agreed with the Association; which committee shall:

- (i) be chaired by the Chairman of the Board of Directors of EDBM. The PSC will be composed of: (A) representatives of the ministries benefiting from the Project; and (B) representatives from the public and private sectors drawn from the Board of Directors of EDBM, as well as from the General Management of EDBM, as described in greater detail in the Project Operations Manual.
- (ii) be responsible for, *inter alia*, the approval of the Annual Work Plans for the Project, overseeing overall performance of the Project and providing policy guidance, overall sector and policy coordination, and the endorsement of the PBC verification report prepared by the Independent Verification Agent
- (iii) meet twice a year and document the outcomes of bi-annual meetings in written minutes that cover: (A) emerging issues regarding the timely and quality implementation of the Project; and (B) agreed actions to address these issues through the relevant institution;

all in accordance with, and as further specified in, the Program Operations Manual.

(b) PFU

- (i) The Recipient shall maintain the PFU housed in the Recipient's MEN, with composition, terms of reference and resources acceptable to the Association, with its mandate extended, to include the responsibilities of the Project
- (ii) The PFU shall be responsible for leading day-to-day management (including financial management, procurement, environmental and social, and technical aspects) of the Project, with functions, responsibilities and sufficient resources acceptable to the Association, perform such other functions as may be further detailed in the POM.
- (iii) The PFU shall include the following key staff: (A) a Project coordinator, (B) three Deputy Coordinator, (C) financial management specialist, (D) a procurement specialist, (E) private sector specialist, (F) a monitoring and evaluation specialist, (G) a social and environmental specialist, (H) an internal auditor, and other staff as may be specified in the ESCP, each with qualifications, experience, and terms of reference, acceptable to the Association

(c) The Recipient shall, throughout the period of implementation of the Operation:

- (i) collaborate and coordinate with the Regional Bodies, in a manner and substance satisfactory to the Association, to: (A) outline the arrangements that will facilitate the Recipient's participation in regional initiatives carried out by the Regional Bodies under the MPA Program; and (B) draw on technical assistance and other benefits available to the Recipient and other Participating Countries in the MPA Program through said initiatives;
- (ii) appoint/designate and maintain, a representative to the advisory committee to be established by the Regional Bodies for purposes of coordinating the said regional initiatives; and
- (iii) participate in regional data collection, analytical work and assessments, with a view to enhancing mutual learning and strengthening of national and regional education programs among the MPA Program Participating Countries.

B. Project Operations Manual

1. no later than two (2) months after the Effective Date, and thereafter maintain throughout Project implementation, the Recipient shall adopt a Project Operations Manual acceptable to the Association (“Project Operations Manual” or “POM”), which shall set out detailed guidelines and procedures for the implementation of the Project, including: (a) administration and coordination of Project activities; (b) performance indicators; (c) roles and responsibilities of various ministries, departments, agencies and institutions involved in the implementation of the Project; (d) disbursement procedures and banking arrangements; (e) financial, procurement and accounting procedures; (f) internal control procedures, accounting system and transaction records; (g) reporting requirements; (h) audit arrangements; (i) the environmental and social aspects; (j) annual work plans and budget; (k) monitoring and evaluation; (l) Personal Data collection and processing requirements in accordance with applicable national law and good international practice; (m) details on the composition and working arrangements of the Project Steering Committee; (n) an annex containing the modalities for the award of scholarships under Part 1.1, including details on eligibility and selection criteria, grant terms and conditions, monitoring and evaluation and reporting of target beneficiaries, transfer of funds processes, and appropriate controls; (o) monitoring and evaluation (including performance indicators, related targets, and Verification Protocols for PBCs); (p) eligibility and verification criteria for TVET Grant Agreements under Part 1.1 of the Project; (q) such other technical, administrative, fiduciary or coordination arrangements as may be necessary to ensure effective Project implementation.
2. The Recipient shall not assign, amend, abrogate or waive the POM or any of its provisions without the prior written approval of the Association.
3. In case of any conflict between the terms of any of the POM and the terms of this Agreement, the terms of this Agreement shall prevail.

C. Malagasy Skills Fund (FMFP)

Throughout Project implementation, the Recipient shall not amend, suspend, abrogate, repeal or waive FMFP’s Legislation as to affect materially and adversely the ability of the FMFP to perform any of its obligations under Part 2.1 of the Project including the daily implementation, coordination, monitoring, and reporting.

D. Output Agreement

1. For purpose of carrying out Part 2.1 of the Project, the Recipient shall enter into, and thereafter maintain throughout the period of Project implementation, an output agreement with FMFP under terms and conditions satisfactory to the Association (“Output Agreement”).

2. The Recipient shall exercise its rights under the Output 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 Output Agreement or any provision thereof.
3. In the event of any conflict between the provisions of the Output Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

E. TVET Grants

1. The Recipient shall submit to the Association for review and approval a satisfactory operational module within the POM outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of implementation of TVET Grants including unconditional grants and results-based TVET Grants under Part 1.12 of the Project;
2. The Recipient shall make TVET Grants, comprising either Unconditional Grants or Result-Based Grants, or a combination thereof, as determined by the assessed capacity of each Eligible TVET Institution in accordance with the POM, to the Eligible TVET Institutions in accordance with the applicable grant type, criteria, and procedures acceptable to the Association set forth in the POM.
3. The Recipient shall make TVET Grant Payments, whether Unconditional or Result-Based, under TVET Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following
 - (a) the TVET Grant Payments shall be on a grant basis;
 - (b) for the Results-Based TVET Grant Agreement, the receipt of a Result-Based Report, in form and substance satisfactory to the Association, accompanied by a satisfactory assessment by the external monitoring and evaluation expert in charge of evaluating the results achieved by the Beneficiary TVET Institution, prior to any Result-Based Payment for such Beneficiary
 - (c) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
 - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the TVET Grant Payments upon the Beneficiaries' failure to perform any of its obligations under the TVET Grant

Agreement, or to obtain a refund of all or any part of the amount of the TVET Grant Payment then withdrawn, upon the Beneficiaries' failure to perform any of its obligations under the TVET Grant Agreement, including, without limitation, the obligation to use the proceeds of such TVET Grant Payments solely for the financing of goods, services, minor rehabilitation and Operating Costs incurred for the implementation of the TVET Grants; and

- (ii) require each Beneficiary to: (A) carry out its Agreed Activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Social and Environmental Safeguard Instruments and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the TVET Grant Payments under Part 2.1 of the Project in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the TVET Grant Agreement and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the TVET Grant Agreement; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Agreed Activities, their operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Recipient exercises its rights under each TVET Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any TVET Grant Agreement or any of its provisions.

F. Performance-Based Conditions

1. For the purposes of carrying out Part 1.3 of the Project, the Recipient 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 POM, 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 six (6) 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 annual verification of the achievement of the results under the PBCs, in accordance with the Verification Protocol.
3. The Recipient shall cause 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.

H. Annual Work Plan and Budgets

The Recipient shall:

- (a) prepare and furnish to the Association not later than November 30 of each Fiscal Year during the implementation of the Project, a draft work plan and budget containing all the activities proposed to be carried out during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date;
- (b) afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget and thereafter, approve the annual work plan and budget in a manner which reflects the views provided by the Association no later than one (1) month after the date provided in paragraph (a) immediately above (once finalized in a manner which reflects the views of the Association, each an “Annual Work Plan and Budget”);
- (c) Without limitation to the pertinent provisions of this Agreement, ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets; and
- (d) subject any change which may be needed in an Annual Work Plan and Budget during the period to which it relates to the prior review of the Association and reflect the views of the Association in the revised version of the Annual Work Plan and Budget.

I. 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.

J. Contingent Emergency Response

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:

- (a) a Contingency Emergency Response Manual (“Contingency Emergency Response Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Emergency Response Part is carried out in accordance with the Contingency Emergency Response Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the Contingency Emergency Response Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the Contingency Emergency Response Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
- 2. The Recipient shall ensure that the structures and arrangements referred to in the Contingency Emergency Response Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
- 3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the Contingency Emergency Response Manual and the ESCP, and in form and substance acceptable to the Association; and

- (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section III. Project Monitoring, Reporting and Evaluation

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.

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 Financing to finance Eligible Expenditures for the Project or the CERP in accordance with the respective Disbursement and Financial Information Letter; to the amount of the Credit allocated to the aforementioned Category; all in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services under the Project (except Part 1.1 (a), 1.1 (b), 1.3 , and 2.1 of the Project)	51,100,000	100%
(2) Eligible Expenditures for the CERP	0	100%
(3) Eligible PBC Expenditures under Part 1.3 of the Project	900,000	100%
(4) Goods, non-consulting services (including Training), consulting	20,000,000	

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
services and Operating Costs under Part 2.1 of the Project		
(5) TVET Grants and Scholarship under Part 1.1 (a), 1.1 (b) Project	28,000,000	100%
(6) Emergency Expenditures under Part 4 of the Project (CERC)	0	100%
TOTAL AMOUNT	100,000,000	

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;
- (b) under Category (4) unless the Output Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the FMFP to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled;
- (c) under Category (5) unless the Recipient has prepared, adopted and submitted to the Association the TVET Grants and Scholarship Manual, including: the template forms of the TVET Grant Agreement, in form and substance satisfactory to the Association; or
- (d) for Emergency Expenditures under Category (6), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category 6; and (B) the Association has agreed with such determination, accepted said request, and notified the Recipient thereof; and

- (ii) the Recipient has adopted the Contingency Emergency Response Manual and Emergency Action Plan, in form and substance acceptable to the Association.
- (e) for Eligible Expenditures under Category (2), until and unless the Association has notified the Recipient that the conditions set forth in Section 5.15 of the General Conditions have been fulfilled;
- (f) for payments under Category (3) 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'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(f) 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 (4). 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, 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.

4. The Closing Date is September 30, 2031.

Section IV. Other Undertakings

The Recipient shall:

- (a) recruit, no later than two (2) months after the Effective Date, a financial specialist, two accountants, an environmental specialist, a social specialist, private sector specialist, a result-based specialist, and a specialist in SEA/SH at with qualification, experience and terms of reference acceptable to the Association;
- (b) recruit no later than six (6) months after the Effective Date, an external auditor with qualification, experience and terms of reference acceptable to the Association;
- (c) prepare and disclose the SEA/SH Action Plan in form and substance satisfactory to the Association no later than two (2) months after the Effective Date; and
- (d) cause each selected TVET Institution to open and thereafter maintain, no later than one (1) month after the Effective Date, or such later date as the Association shall agree, an operational account in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, for the exclusive purpose of receiving and administering payments made to such TVET Institution under the applicable TVET Grant Agreement.

SCHEDULE 3

Repayment Schedule

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 April 15, 2037 to and including April 15, 2065	1.72%
On October 15, 2065	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 for Category (4) of the Withdrawal Table

Performance Based Condition	PBC	Amount of the Credit Allocated (expressed in US\$)
PBC #1 Selected public TVET institutions for which electricity fees are paid in full and on time to electricity service providers.	PBC#1: Up to 100 selected public TVET institutions have paid their electricity bill to the electricity provider on time, as per the Verification Protocol in a given Project year.	PBC#1: 900,000 From a baseline of 0, for each selected public TVET institution that has paid in a given Project year its electricity bill to the electricity provider on time, USD 2,000 up to USD 900,000

APPENDIX

Section I. Definition

1. “Annual Work Plan and Budget” or “AWPB” means the work plan and budget prepared annually by the Recipient in accordance with the provisions of Section I.E. of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means, means, for purposes of paragraph 5 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.
3. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
4. “Contingency Emergency Response Manual” means the manual referred to in Section I.G. of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Project Operations Manual.
5. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated 25 March 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.
7. “Environmental and Social Standards” or “ESSs” means, “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
8. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
9. “Emergency Action Plan” means the plan referred to in Section I.G. of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and

monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

10. “EDBM” means the *Economic Development Board of Madagascar*, the Borrower's national investment promotion agency, established as a Public Industrial and Commercial Establishment (*Établissement Public à caractère Industriel et Commercial*) under the tutelage of the Presidency of the Republic, as governed by Law No. 2023-002 of July 27, 2023 on Investment in Madagascar and Decree No. 2024-1466 of July 24, 2024, or any successor thereto.
11. “Emergency Expenditures” means any of the eligible expenditures set forth in the Contingency Emergency Response Manual referred to in Section I.G of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
12. “Flagship TVET” refers to a high-performing, centrally recognized TVET institution that serves as a model of excellence with a national or regional TVET system.
13. “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), with the modifications set forth in Section II of this Appendix.
14. “MEN” means the Recipient’s ministry in charge of education, or any successor.
15. “MPA Program” means the multiphase programmatic approach program designed to generate more and better jobs in priority value chains and to develop effective skills systems.
16. “NEET” means not in education, employment and training.
17. “Operating Costs” means the reasonable expenses incurred by the Recipient on account of Project implementation, based on an Annual Work Plan and Budget approved by the Association, including: expenditures for maintenance of equipment, facilities and vehicles used for Project implementation, fuel, routine repair and maintenance of equipment, vehicles and office premises, communication and insurance costs, use of internet costs, stationery and other office supplies, utilities used for Project implementation, consumables, transport costs, travel, travel *per diem* costs, and accommodation expenses, workshop venues and materials, and costs of printing, photocopying and advertising, office rentals, bank charges, salaries of non-consultant contracted employees, but excluding salaries, top-ups, honoraria, or allowances of the Recipient’s staff.
18. “Output Agreement” means the Agreement referred to in Section I.D. of Schedule 2 to this Agreement, to be entered into between the Recipient and the FMFP.

19. “PBC” means a performance-based condition referred to in Schedule 4 to this Agreement; and “PBCs” means more than one PBC.
20. “TVET grants” are financial transfers to selected TVET centers on the condition that they achieve specific, pre-agreed performance targets as set in their Strategic Investment Plan (SIP). Performance-based grants include an initial base grant to implement the SIP and as set forth in the Project Operations Manual.
21. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
22. “PFU” means the unit within MEN, referred to in Section I.A. (b) of Schedule 2 to this Agreement.
23. “Project Operations Manual” or “POM” means the manual for the Project referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association.
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. “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: (a) assist in financing the CERP; and (b) provide complementary financing in support of the program defined in the Cat DDO Legal Agreement.
26. “Regional Bodies” means Inter-University Council for East Africa and any other regional organization that may participate in future operations under the MPA Program.
27. "Results-Based TVET Grant Agreement" means each TVET Grant Agreement entered into with a Selected TVET Institution assessed as having sufficient institutional capacity, pursuant to which TVET Grant Payments are made, in whole or in part, contingent upon the achievement of results and performance criteria acceptable to the Association, as further set forth in the POM; and "Results-Based TVET Grant Agreements" means, collectively, more than one such agreement.

28. "Scholarships" means a grant to finance reasonable expenditures in respect of cost of living allowance, books and learning materials, tuition fees and/or transportation costs and per diem paid to scholarship beneficiaries out of the proceeds of the Financing under Part 1.1 (b) of the Project, in accordance with the requirements of the POM.
29. "SEA/SH" means sexual exploitation and abuse, and sexual harassment.
30. "SEA/SH Plan" means the Recipient's plan containing a list of mitigation measures including: (a) an accountability and response framework which includes codes of conduct to be signed by health care personnel, a grievance redress mechanism set up to handle SEA/SH-related complaints and a response protocol for ensuring access to integrated services for survivors; (b) awareness-raising around SEA/SH and community consultations with women; and (c) training activities related to SEA/SH prevention and response, as the same may be updated from time to time with the prior written agreement of the Association.
31. "Selected TVET Institution" means a technical and vocational education and training institution operating within the territory of the Recipient that has met the eligibility and selection criteria set forth in the POM, and has, as a result, been selected by the Recipient to receive a TVET Grant under the Project; and "Selected TVET Institutions" means, collectively, more than one such institution.
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. "TVET Grant Agreement" means each agreement to be entered into between the Recipient and a Selected TVET Institution, in form and substance satisfactory to the Association, for the purpose of making a TVET Grant available to such Selected TVET Institution for the implementation of its activities under the Project, in accordance with the terms and conditions set forth in the POM; and "TVET Grant Agreements" means, collectively, more than one such agreement.
34. "TVET Grant Payment" means each payment made by the Recipient to a Selected TVET Institution under a TVET Grant Agreement or Results-Based TVET Grant Agreement, comprising either: (a) of unconditional payment made to a Selected TVET Institution in accordance with the terms of an Unconditional TVET Grant Agreement; or (b) a result-based payment made to a Selected TVET Institution upon achievement of results and performance criteria in accordance with the terms of a Results-Based TVET Grant Agreement; in each case as further detailed in the POM; and "TVET Grant Payments" means, collectively, more than one such payment.

35. “Training” means the reasonable costs associated with training, workshops and study tours provided under the Project, based on an Annual Work Plan and Budget approved by the Association, consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.
36. “TVET” means Technical and Vocational Education and Training.
37. “Verification Agent” means the agent referred to in Section I.G of Schedule 2 to this Agreement to be selected and appointed by the PFU under terms and conditions acceptable to the Association for purposes of verifying achievement of PBCs under the Project.
38. “Verification Protocol” means the PBC verification process referred to in Section I. G of Schedule 2 to this Agreement and set forth in the PBC Manual.