Financing Agreement

(Second State Consolidation Development Policy Financing)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between Central African Republic ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section IA of Schedule 1 to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to Seventeen Million Three Hundred Thousand Special Drawing Rights (SDR 17,300,000) ("Financing").

2.02. 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 15 June and 15 December in each year.

2.05. The Payment Currency is Euro.

2.06. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) 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 years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister responsible for economy.

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

(a) the Recipient's address is:

Ministry of Economy, Planning and Cooperation
Rue Martin Luther King
BP 696, Bangui
Central African Republic; and
(b) the Recipient’s Electronic Address is:

Facsimile: +236-21-619689  
Email: cabinet@mepc.rca.org

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:

Facsimile:  
1-202-477-6391
AGREED as of the Signature Date.

CENTRAL AFRICAN REPUBLIC

By

Authorized Representative
Name: Felix Molouq
Title: Minister of Planning
Date: April 18, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
Name: Jean-Christophe
Title: Country Director
Date: April 18, 2018
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:


2. The Recipient has, through its Ministry of Finance and Budget, adopted the Arrêté 0641/17/MFB/DIRCAB/IGF/C/SF instituant un contrôle trimestriel des régies financières et des régies des recettes et d’avances, dated October 3, 2017, introducing a risk-based control of the Recipient’s main revenue collecting and spending entities, and exercising control on them at least once a year.

3. The Recipient has, through its Ministry of Finance and Budget, issued (i) Lettre – Circulaire 1876/MFB/DIR.CAB//17 à l’attention des chefs de départements ministériels et des institutions de la République dated November 3, 2017, informing all heads of ministerial departments and of the Recipient’s institutions that the wage will be paid using GIRAFE, and (ii) Note à la haute attention du Conseil de Ministres 1875 MFB/DIR.CAB//17 sur l’opérationnalisation de l’application Gestion Intégrée de Rémunération des Agents et Fonctionnaires de l’Etat (GIRAFE).


5. The Recipient has, through its Ministry of Finance and Budget, prepared and published on the Ministry’s website (www.minfb.cf): (i) the Draft 2018 Finance Law; (ii) the enacted 2017 Finance Law; (iii) a Citizen’s Budget on the Enacted 2017 Finance Law; and (iv) the Budget Execution Reports for 2016, the 1st quarter 2017, the 1st semester 2017 and the 3rd quarter 2017, improving transparency of public financial management practices of the Recipient.
6. The Recipient has, through its Ministry in charge of relations with the institutions of the Republic, submitted the 2015 Draft Settlement Law to the Recipient's Parliament by letter 228/MCRIR/DIR.CAB/DGRIR/, dated 29 December 2017 improving accountability of the public financial management practices of the Recipient.

7. The Recipient has, (i) completed the Audit of its Roads Maintenance Fund (RMF) for the Period 2008-15, including a stocktaking of the debt and, (ii) through RMF, adopted the Plan d’Apurement de la Dette du Fonds d’Entretien Routier, the settlement plan of the debt of the RMF, through note 0044/FER/OP/DG/DAFC of January 17, 2018, improving the financial management practices of the RMF.

8. The Recipient has, through its Prime Minister, issued Arrêté 0016 fixant les conditions temporaires d’importation et de distribution des intrants, matériels agricoles, vétérinaires et halieutiques en République Centrafricaine, dated September 4, 2017, establishing temporary modalities on the import and distribution of agriculture inputs.

9. The Recipient has, through its Ministry in charge of relations with the institutions of the Republic, by letter 038/MCRIB/DIR.CAB/DGRIR dated February 15, 2018, submitted to the Parliament draft amendments to the electronic communications law (law 18.002 of January 17, 2018) to promote increased competition and a stable business environment.

10. The Recipient has, through its Minister of post and telecommunications issued Arrêté 006/MPT/DIRCA/UCP-CAB/2018, dated January 31, 2018, adopting a strategy for the use of revenues from the Universal Access Level on operators.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Withdrawal Tranche</td>
<td>17,300,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>17,300,000</td>
</tr>
</tbody>
</table>
C. **Withdrawal Tranche Release Conditions.**

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. **Deposit of Financing Amounts.**

1. The Recipient shall open a Deposit Account, prior to furnishing to the Association the first request for withdrawal from the Grant Account, and thereafter maintain the following two deposit accounts on terms and conditions satisfactory to the Association:
   
   (a) a deposit account in Euro ("Foreign Currency Deposit Account"); and
   
   (b) a deposit account in XAF ("Local Currency Deposit Account").

2. All withdrawals from the Grant Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Grant into the Foreign Currency Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account. All amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for Eligible Expenditures.

E. **Audit.** Upon the Association's request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association and

3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

F. **Closing Date.** The Closing Date is July 31, 2019.
APPENDIX

Definitions

1. “2017 Finance Law” means Loi de Finances No. 16.007 dated December 31, 2016. It is the law establishing forecast and authorization for the concerned fiscal year for the overall revenues and expenditures of the state.

2. “Audit of the Road Maintenance Fund (RMF) for the Period 2008-15” means the financial audit undertaken by Compagnie Financière de Management et d’Audit, dated November/December 2017 in conformity with international norms of the financial accounts of the Road Maintenance Fund for each fiscal year in the period 2008-15, which includes opinion letters from the auditor on the financial statements for each year from 2008 through 2015, as well as a report on the state of outstanding debt of the RMF for the year 2015, and a recommendation letter from the auditor dated November 28, 2017 on the internal controls of RMF on the elaboration and treatment of accounting and financial information and on performance of financial agreements.

3. “Budget Execution Report” means a report prepared by the Ministry of Budget and Finance’s Directorate General of Budget on the revenues and expenditures of the state for a given period, and published on the Ministry of Finance’s website, as referred to in Section I.A.5 of Schedule 1 to this Agreement.


5. “Draft 2015 Settlement Law of the Finance Law” means the draft Loi de Règlement which establishes and determines the final amounts of revenues and expenses for a budget it concerns including the deficit or surplus that this results in. The law approves the results account of the fiscal year and ratifies budget changes. The law also determines the final amount treasury revenues and expenses that contributed to the financial equilibrium of the year concerned by the law.

6. “Draft 2018 Finance Law” means the draft loi de finances, establishing forecast and authorization for the 2017 fiscal year for the overall revenues and expenditures of the state, and published on the Ministry of Finance’s website, as referred to in Section I.A.5 of Schedule 1 to this Agreement.

8. "GIRAFE" means *Gestion Intégrée de Rémunération des Agents et Fonctionnaires de l'État* and is the Recipient's integrated human resources and wage-bill information management system.

9. "Loi Organique" means « *Loi Organique 06.013 relative aux lois des finances en République Centrafricaine du 03 juillet 2006* », the Recipient's law establishing the fundamental rules governing the objective, the nature, the content, the procedure for preparing, presenting and adopting finance laws as well as the execution, accounting and control procedures of budget of public entities in the Central African Republic.

10. "Loi 08.017" means "*Loi 08.017 portant code de marchés publics et délégations de services public en République Centrafricaine*", the Recipient’s law dated June 6, 2008 establishing procedures and regulation of passing and execution of public procurement.

11. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated 23 February 2018 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

12. "Road Maintenance Fund" or "RMF" means a public entity established pursuant to the Recipient's *loi n.05-001* dated November 15, 2005, responsible for financing road maintenance in the territory of the Recipient.

13. "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.

14. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

15. "Universal Access Level" means the minimum level of electronic communication services of a set quality that is accessible to the entire population at tariff conditions that are affordable on the entire national territory.