Financing Agreement

(Agriculture Sector Support Project)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 05 Nov 2013, 2013
FINANCING AGREEMENT

AGREEMENT dated 25 NOV 2013, 2013, entered into between REPUBLIC OF CÔTE D'IVOIRE ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit and a grant (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

(a) an amount equivalent to fifteen million nine hundred thousand Special Drawing Rights (SDR 15,900,000) ("Credit"); and

(b) an amount equivalent to seventeen million five hundred thousand Special Drawing Rights (SDR 17,500,000) ("Grant").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.06. The Payment Dates are March 15 and September 15 in each year.

2.05. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall:

(a) carry out Parts C and D of the Project, through MINAGRI, acting via its Project Coordination Unit ("PCU") and in collaboration with the Co-Executing Agencies; and

(b) cause to be carried out, through the following implementing entities ("Project Implementing Entities" or "PIEs"), assisted, as appropriate, by selected among the Co-Executing Agencies, the Parts of the Project hereinafter set forth:

(i) Part A of the Project through Conseil du Café Cacao;

(ii) Part B.1; B.2(a); Part B.3(a) and Part B.3(c)(i) of the Project through APROMAC; and

(iii) Part B.2(b); part B.3(b); Part B.3(c)(ii) of the Project through AIPH;

all the above, in accordance with the provisions of Article IV of the General Conditions and the respective provisions of the Conseil du Café Cacao Project Agreement, the AIPH Project Agreement and the APROMAC Project Agreement (collectively "Project Agreements").

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:
(a) any or all of the *Conseil du Café Cacao* Legislation, the APROMAC Legislation and the AIPH Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of *Conseil du Café Cacao*, APROMAC and/or AIPH to perform any of their respective obligations under one or more of the Project Agreements; and

(b) any action shall have been taken for the dissolution; disestablishment or suspension of operations of *Conseil du Café Cacao*, APROMAC, or AIPH.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

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

(a) the *Conseil du Café Cacao* Subsidiary Agreement, the APROMAC Subsidiary Agreement, the AIPH Subsidiary Agreement and the Delegated Management Contract shall each have been executed and delivered, and all conditions precedent to their effectiveness or to the ability of any Project Implementing Entity or the Delegated Management Agency to receive the proceeds of the Financing, including, as appropriate, the implementation of a financial management system and action plan acceptable to the Association (other than the effectiveness of this Agreement) shall have been fulfilled;

(b) the Recipient shall have adopted an implementation manual for the Project, ("PIM") and shall have caused the *Conseil du Café Cacao*, APROMAC and AIPH to adopt pertinent manuals for the Project (the "*Conseil du Café Cacao* Manual"; the APROMAC Manual" and the "AIPH Manual"), each and all of them satisfactory to the Association; and

(c) a coordination unit for the Project ("PCU") shall have been established and staffed with key personnel satisfactory to the Association, including a Project coordinator, a financial management specialist, a procurement specialist, an internal auditor, an environment specialist and a gender and inclusion specialist, all appointed in accordance with the provisions of Section III of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following, namely, that each Subsidiary Agreement shall have been duly authorized or ratified by the Recipient and the relevant Project Implementing Entity and shall be legally
binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

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

5.04. For purposes of Section 8.05 (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 date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Minister of Economy and Finance.

6.02. The Recipient’s Address is:

Ministry of Economy and Finance  
B.P. V. 163  
Abidjan  
Republic of Côte d’Ivoire

Cable: Facsimile:  
MINFIN 225-20-30-25-25  
Abidjan 225-20-30-25-28

6.03. The Association’s Address is:

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

Cable: Telex: Facsimile:  
INDEVAS 248423 (MCI) 1-202-477-6391  
Washington, D.C.
AGREED at Abidjan, Republic of Côte d'Ivoire, as of the day and year first above written.

REPUBLIC OF CÔTE D'IVOIRE

By

[Signature]

Authorized Representative

Name: Nialé KABA

Title: 

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name:

Title: 

SCHEDULE 1

Project Description

The objectives of the Project are to improve access to technologies and markets for smallholder export crop farmers of the Recipient’s territory and to enhance the governance of selected value chains supported under the Project.

The Project consists of the following parts:

Part A. Promoting Public-Private Partnership for Sustainable Cocoa Development in the Recipient’s Southwestern Region

1. Improving farmers’ access to markets by: (a) implementing, on a pilot basis, a public-private partnership mechanism for the rehabilitation of selected priority rural roads and the maintenance of same; and (b) fostering an environmentally and socially sustainable production of quality cocoa beans through the implementation of a matching grant scheme pursuant to criteria, terms and conditions described in the Conseil du Café Cacao Manual for the development and implementation of activities promoting the sustainable production of cocoa beans to be carried out, along with socio-economic investments under Subprojects meant to improve and facilitate access to quality basic social services.

2. Supporting a sustainable increase of cocoa productivity and improving farmers’ access to inputs through, \textit{inter alia}: (a) the production and distribution of improved cocoa planting material for the planting, replanting and rehabilitation of about 20,000 hectares of aging and disease infested plantations; (b) the preparation and carrying out of Training programs in good agricultural practices; (c) the strengthening of disease detection, prevention and control mechanisms including, in connection therewith, the establishment of an early warning system and the implementation of a Pest and Pesticide Management Plan (“PMP”); and (d) the design and operation of a market-based funding mechanism to improve producers’ access to cocoa inputs.

3. Building capacity in, and providing institutional support to, the cocoa value chain through the provision of technical advisory services and other adequate support provided to the Conseil du Café Cacao for: (a) the establishment and implementation of a public-private partnership platform and associated performance monitoring; and (b) the restructuring and strengthening of cocoa farmers’ cooperatives and related improvement in their management.
Part B. Supporting Oil palm and Rubber Village Plantation Renewal and Expansion

1. Improving access to markets for smallholder rubber and oil palm producers in the Recipient’s southeastern regions, including Sud Comoé and La Mé, through the implementation, on a pilot basis, of a public-private partnership mechanism for the rehabilitation of selected priority rural roads and the maintenance of same.

2. Enhancing productivity, and therewith, improving inclusion of communities, including women and youth, through the provision of support to:

   (a) APROMAC, for the implementation of a matching grant scheme pursuant to criteria, terms and conditions set forth in the APROMAC Manual for the provision to Beneficiaries, under relevant Subprojects, of improved rubber planting material in selected regions of the Recipient’s territory, including Sud Comoé and La Mé, N’Zi, Iffou, Goh and Haut Sassandra; and

   (b) AIPH, for the implementation, pursuant to criteria, terms and conditions set forth in the AIPH Manual, of a matching grant scheme intended to provide facilitated access of Beneficiaries to improved oil palm planting material under related Subprojects to be carried out in selected Project areas, including Sud Comoé and La Mé.

3. Supporting the structuring of farmers’ organizations and the institutional development of two value chains through the provision of technical assistance and other support to:

   (a) APROMAC, for: (i) the strengthening of FDH’s fiduciary and operating procedures, (ii) the management of road rehabilitation and maintenance and that of smallholder farmers’ activities for increased productivity; and (iii) the carrying out, with FIRCA’s assistance, of capacity building activities for rubber cooperatives;

   (b) AIPH, for: (i) the design, establishment and implementation of a funding mechanism for the delivery of technical, marketing and farming improvement services to its members, with focus on smallholder producers; (ii) the strengthening of its institutional governance and technical operations, including, inter alia, its structure, fiduciary and operating procedures, and capacity to contribute to policymaking in the sector; (iii) the strengthening of same in its partner cooperative associations; (iv) the development of new approaches for improving market linkages between cooperatives and processing companies; and (v) contributing to the development of appropriate environmental and social standards agreed among stakeholders; and
(c) (i) APROMAC; and (ii) AIPH respectively, for the establishment and operation of a M&E system regarding the performance of their pertinent activities carried out under Part B above and for the provision of support to build their own institutional and operational capacity, including related fiduciary aspects, to prepare all respective accreditation and licensing requests to MINAGRI for the authorization to operate as legally recognized inter-professional entities.

Part C. Supporting the Cotton Sector and Promotion of Cashew Processing in the Recipient’s Central and Northern regions

1. Strengthening the development and competitiveness of the cotton sub-sector in the Recipient’s central and northern regions through:

   (a) Improving access to markets for smallholder producers in the Recipient northern territory through the implementation, on a pilot basis, of a public-private partnership mechanism for the rehabilitation of selected priority rural roads and the maintenance of same;

   (b) the provision to cotton producers of agricultural extension services to be managed by FIRCA;

   (c) the carrying out by PCU, on behalf of INTERCOTON, of a matching grant scheme established pursuant to criteria, terms and conditions described in the PIM for the provision to Beneficiaries under relevant Subprojects of: (i) technical support for efficient animal traction use; and (ii) equipment, training and technical assistance for the control of selected livestock diseases including, inter alia, the tse-tse fly borne tripanosomiasis;

   (d) the provision to INTERCOTON of institutional and operational support adequate to: (i) enable the restructuring and strengthening of cotton producer organizations; and (ii) achieve sound institutional and operational capacity, including fiduciary aspects thereof, with a view to, inter alia, successfully process with MINAGRI all pertinent accreditation and licensing request to operate as a legally recognized inter-professional entity; and

   (e) the establishment and operation of an M&E system in respect of the performance of all INTERCOTON activities described in Part C.1 above.

2 Supporting the development of the cashew sub-sector in the Recipient’s northern territories, including Hambol, Gbeke and Gontougo regions, via the carrying out of activities pertinent to achieve:
(a) an improvement in cashew farmers’ market access through: (i) the implementation, on a pilot basis, of a public-private partnership mechanism for the rehabilitation of selected priority rural roads and the maintenance of same; and (ii) an improved and expanded price and market information system;

(b) an improvement in productivity and product quality, including through the carrying out of: (i) priority programs for the selection, multiplication and distribution of improved planting material; and (ii) the provision of agricultural extension services;

(c) the promotion of domestic processing of cashew nuts through the design, establishment and operation of an incentive-based scheme and the provision of technical advisory services to potential investors interested in the creation, rehabilitation or expansion of industrial units, thereby focusing on medium size processing units with strong potential for competitiveness and for job creation in the hosting communities;

(d) the institutional development of the cashew value chain through the establishment of a representative inter-professional entity to enable an efficient and equitable management of the value chains, the strengthening of producer organizations and the building of pertinent capacity to favorably contribute to policy making in the sector, and implement the design of an efficient set of marketing tools and financing instruments for the development of the sub-sector; and

(e) the establishment and operation of an M&E system in respect of the performance of all activities described in Part C.2 above.

Part D. Supporting Project Implementation and Sector Coordination

1. Ensuring optimal implementation of the Project by providing relevant technical advisory services, training, goods and equipment and overall support to PCU and the Co-Executing Agencies for the planning, execution and M&E of Project activities and related fiduciary, reporting, IEC and environmental and social mitigation aspects.

2. (a) Strengthening MINAGRI’s overall institutional capacity for the coordination of the agriculture sector and the implementation of the NAIP, through the provision of technical advisory services for the carrying out of collaborative work with other Recipient’s line ministries to ensure the development of strategies and procedures pertinent to achieve its sector development objectives and the carrying out of studies, frameworks, plans related to, inter alia, rural road rehabilitation and maintenance, public expenditure management and ensuring compliance
of all stakeholder organizations with applicable regional and/or national laws; and

(b) Supporting NAIP's technical secretariat and other pertinent NAIP orientation and coordination structures and entities to enable them to articulate and align the coordination of all donor funded operations under the NAIP, including the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Recipient shall:

Project Coordination Unit and Technical Team

vest main responsibility for Project management coordination and supervision in MINAGRI which shall maintain therefor a Project Coordination Unit ("PCU") specially staffed, at all times during Project implementation, with personnel adequate in numbers and having the functions, experience and resources described in the PIM, and satisfactory to the Association, in respect of the technical, environmental, gender and social inclusion, community outreach, communications, respective administrative and fiduciary capacity needed for the Project and tasked with specific focus on:

(a) the day to day implementation of Part C and Part D of the Project;
(b) the effective coordination of the overall Project, including among all Co-Executing Agencies ("CEA"); relevant departments and units of MINAGRI; and other Recipient’s ministries and agencies,
(c) the monitoring of the performance of the Co-Executing Agencies under the Project,
(d) the monitoring and follow up of all the activities performed under the Delegated Management Contract ("DMC") in respect of the Recipient’s primary network road rehabilitation and maintenance work;
(e) the screening, appraisal, approval and monitoring of implementation of the Subprojects considered for financing under Part C.1(c)(i) of the Project through matching grants financed out of the proceeds of the Grant in accordance with the pertinent provisions of the PIM
(f) the preparation of annual work plans and matching budgets and the preparation of consolidated technical and financial Project reports; and
(g) the dissemination of lessons learned from the Project to the entire MINAGRI units, structures and departments;
all as further described in the PIM; and

2. assemble and maintain, throughout the Project, a Technical Team responsible for the supervision of the Project and its alignment with other projects implemented by MINAGRI.

Steering Committee

3. Establish and thereafter maintain, throughout Project implementation, an inter-institutional committee ("Steering Committee") headed by the Ministry of Agriculture and with mandatory membership of the Ministry of Economy and Finance and consisting as well, inter alia, of representatives of various Recipient’s line ministries, the inter-professional associations, civil society and the private sector, all as further set forth in the PIM, to:

(a) provide guidance and orientation in the implementation of the Project and address potential execution constraints in relation thereto; and

(b) review and adopt Project’s annual work plans, budgets.

B. Subsidiary Agreement

1. To facilitate the carrying out of each Project Implementing Entity’s Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of this Schedule available to the respective Project Implementing Entity under a subsidiary agreement entered between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the Subsidiary Agreements or any of their respective provisions.

C. Subordinated Agreements

1 The Recipient, through PCU, shall:

Memoranda of Understanding

(a) enter into a memorandum of understanding ("MOU") with each Co Executing Agency, therein setting forth the respective obligations of the parties thereunder, notably with respect to the implementation and
the financing of the relevant Parts of the Project, including the provision of technical advisory services, the acquisition of goods and the carrying out of works in relation thereto;

(b) exercise its rights and carry out its obligations under each such MOU in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and that, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce any such agreement or any provision thereof;

(c) require that each Co-Executing Agency appoints and maintains, throughout Project implementation, key staff, including procurement and financial management specialists with qualifications, experience, terms of reference, resources and functions satisfactory at all times to the Association; and

Matching Grant Agreements

(d) carry out, on behalf of INTERCOTON, as set forth in the pertinent MOU, the appraisal, approval and monitoring of Subprojects intended to be financed out of Grant proceeds under Part C.1(c) (i) of the Project, all in accordance with the guidelines set forth in the PIM.

2. The Recipient shall ensure that Conseil du Café Cacao, APROMAC and AIPH respectively, enter into agreements with Beneficiaries under their respective matching grant schemes wherein the criteria for eligibility for financing and the terms, conditions and modalities for the implementation of the Subprojects shall be specified, all in accordance with the provisions of Section I.D of this Schedule 2 and as set forth in more details in the PIM.

D. Additional Implementation arrangements:

1. The Recipient, through PCU, shall:

(a) carry out the action plan agreed with the Association for the strengthening of the financial management system for the Project, including: (i) the appointment of a financial management expert and providing him/her with fiduciary training, and ensuring overall adequate staffing of the Project’s financial management unit; (ii) the recruitment of an internal auditor to strengthen the internal control system; (iii) the purchase and installation of a computerized accounting software in the
PCU; and (iv) the elaboration, for inclusion in the PIM, within 2 months of the Effective Date, of an administrative and accounting procedures manual for the Project;

(b) prepare: (i) annual Project work plans and budget to be submitted to the Steering Committee and the Association for their respective review and approval; and thereafter (ii) ensure that the implementation of the Project is subsequently carried out in accordance with such work plans and budgets taking into account the views and recommendations of the Association thereon;

(c) undertake, in a timely manner, and within regular intervals, annual technical audits of Project activities carried out by an independent auditor, including physical inspection in relation thereto. To that end, the Recipient shall, not later than six (6) months after the Effective Date: (a) select and appoint in accordance with the provisions of Section III of this Schedule an independent auditor to carry out the above referenced audit; and (b) within thirty (30) days after the completion of each such audit, furnish the report thereof to the Association for its review and comments and thereafter carry out the recommendations of said report taking into account the Association’s views and recommendations of the Association thereon;

(d) carry out, by October 31, 2015 or at a date that the Association shall communicate in writing to the Recipient, a midterm review of Project. To that end, PCU shall, at least three (3) months prior to the said midterm, prepare and furnish to the Association for its review and comments a report including, inter alia: (i) a detailed update of Project’s progress against the performance indicators agreed with the Association; (ii) a review of the Recipient’s fulfillment of the financial management, disbursement, and procurement requirements under this Agreement; (iii) a review of the technical assistance provided under the Project including findings of studies and research undertaken under the Project; (iv) lessons learned and obstacles encountered in the implementation of the Project; and (v) recommendations for the strategic directions and expenditures priorities for the remainder of Project implementation; and

(e) carry out, jointly with the Association, within twelve (12) months of the Effective Date, an assessment of INTERCOTON’s Project implementation capacity in the technical, management, social, environmental and fiduciary areas, after which assessment, to be based on criteria set forth in the PIM, the responsibility for the remaining...
implementation of Part C.1(c)(i) of the Project may thenceforward, if the Association so agrees, be transferred from PCU to INTERCOTON.

2. The Recipient shall require that:

(a) all of the procurement of works under the Project, be carried out in accordance with the provisions of Section III of Schedule 2 of this Agreement;

(b) all contractors and consultants providing goods or carrying out works and services under the Project carry out their activities under the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the ESMF, the PMP, the RPF and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, and the applicable provisions of the PIM;

(c) all bidding documents and contracts under the Project incorporate environmental and social standards satisfactory to the Association and provide the Recipient with the Intervention Rights, including, *inter alia*: (i) upon the contractor’s or consultant’s failure to perform any of its obligations under the applicable contract, the ability to: (A) suspend or terminate the right of any contractor or consultant to receive or use the proceeds of the Financing; or (B) obtain a refund of all or any part of the amount of the Financing withdrawn as of then; (ii) the right to inspect any road rehabilitation infrastructure or any other Project financed investment, its operation and any relevant records and documents; and (iii) the right to request all such information as the Association shall reasonably request relating to the Project; and

(d) PCU ascertains the compliance by contractors and consultants with the financial, managerial, environmental and social standards and practices satisfactory to the Association.

3. The Recipient shall cause the *Conseil du Café Cacao*, not later than six (6) months after the Effective date, to prepare and adopt operating procedures and a governance mechanism for FIMR and FIA, satisfactory to the Association.

4. The Recipient shall obtain Intervention Rights under all applicable Subsidiary Agreements that are adequate to protect its interests and those of the Association.

5. (a) The Recipient shall ensure that the Project is carried out in accordance with the provisions of:
(i) this Agreement;
(ii) the PIM;
(iii) the ESMF, the RPF, the PMP and all EMPs and RAPs deriving therefrom;
(iv) the Delegated Management Contract; and
(v) the Anticorruption Guidelines.

(b) Notwithstanding paragraph 5 (a) above, the Recipient shall cause each PIE to carry out its respective obligations under the Project in accordance with the provisions of the Conseil du Café Cacao Manual, the APROMAC Manual, the AIPH Manual.

E. Matching Grants Scheme

The Recipient shall, and shall cause the PIEs to ensure that:

1. (a) the Subprojects under matching grants schemes carried out by:

   (i) the Conseil du Café Cacao, under Part A.1(ii) of the Project;
   (ii) APROMAC, under Part B.2(a);
   (iii) AIPH, under Part B.2(b); and
   (iv) PCU, on behalf of INTERCOTON, under Part C.1(c)(i)

   are all identified, appraised, approved, implemented and evaluated in accordance with the procedures set forth or referred to in the Conseil du Café Cacao Manual, the APROMAC Manual, the AIPH Manual and the PIM, as the case may be; and

   (b) no request for financing of a Subproject under a matching grant scheme is made by the Recipient or a PIE until and unless the pertinent Matching Grant Agreement has been entered into between, on the one part, the Conseil du Café Cacao, APROMAC, AIPH or INTERCOTON through PCU, and on the other part, the Beneficiary, all satisfactory in form and substance to the Association and in accordance with the Conseil du Café Cacao Manual, the APROMAC Manual, the AIPH Manual or the PIM, as the case may be.

2. Matching Grants shall be extended to Sub-Beneficiaries under Matching Grant Agreements which shall set forth the respective obligations of the parties
thereunder with respect to the preparation and implementation of Subprojects, including the following requirements and obligations:

(a) Except as otherwise provided in the PIM or in a PIE Manual, for other matching grants schemes under the Project, the Matching Grants under Part C1.(c)(i) of the Project shall be made to Sub-Beneficiaries as non-reimbursable transfers of financial resources or in kind contribution of goods, equipment and services for the preparation and carrying out of Subprojects;

(b) 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 any Sub-Beneficiary to use the proceeds of a Matching Grant, or obtain a refund of all or any part of the amount of a Matching Grant then withdrawn, upon the Sub-Beneficiary's failure to perform any of its obligations under the Matching Grant Agreement; and

(ii) require each Sub-Beneficiary to:

   (A) carry out the relevant Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

   (B) provide, promptly as needed, the resources required for the purpose;

   (C) procure the goods, works and services to be financed out of the Matching Grant 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 Subprojects and the achievement of their objectives;

   (E) 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 Subproject; and (2) at the Association’s or the request of the Recipient, 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 relevant Subproject 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;

3. exercise its rights under each Matching 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, waive or fail to enforce the Matching Grant Agreements or any of their provisions; and

4. carry out, on an annual basis, under terms of reference satisfactory to the Association an independent technical audit of physical activities and procurement review of the implementation of the Subprojects by the Beneficiaries, focusing on the adherence to the guidelines and procedures set forth in the Conseil du Café Cacao Manual, the APROMAC Manual, the AIPH Manual and the PIM.

F. Implementation Documents

1. The Recipient shall adopt, not later than the Effective Date, an implementation manual ("PIM") for the Project, satisfactory in form and substance to the Association, consisting of different schedules setting forth, respectively, rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:

(a) (i) the description of Project implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto; and (ii) the qualification, experience, functions, responsibilities, structure of key staff of PCU and the identification of relevant departments and units of MINAGRI assisting in Project execution and their assigned staff; the composition of the Steering Committees and other selected committees considered under the Project; all the institutional arrangements in respect thereof and the ensuing assignment of respective responsibilities for the
related Project activities, including, *inter alia*, the financing, reporting and auditing aspects thereof;

(b) (i) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents and Standard Bidding Documents agreed by the Association; and (ii) the procurement thresholds in respect of the procurement methods set forth in Section III of this Schedule and all associated reviews by the Association under this Project;

(c) provisions to guide works under the Project (which shall include, *inter alia*, the Environmental Management Framework, the Resettlement Policy Framework, the Pest Management Plan, provisions for erosion control, first aid instructions and restriction on the use of child labor);

(d) the overview of planned capacity building and training activities, including workshops and study tours, to be carried out for purposes of the Project;

(e) the final form of the interim unaudited financial reports and Financial Statements for the Project and the terms of reference for the financial audits of the Project;

(f) the plan for the monitoring, evaluation and supervision of the Project, including all technical, environmental, and social aspects in relation thereto; and

(g) the performance indicators for the Project.

2. The Recipient shall: (a) maintain the PIM throughout Project implementation; (b) take all measures necessary to ensure that the Project is carried out in conformity with the PIM; and (c) only amend the PIM, from time to time, after receiving the Association’s prior written consent. Except as the Association shall otherwise agree, the Recipient shall not, and shall cause each CEA not to, (including not allowing any party to any contract entered into with the CEAs for purposes of this Financing), amend, abrogate, waive or fail to enforce the PIM.

3. In the event that any provision of the PIM shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

G. Anti-Corruption

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

The Recipient shall and shall cause all PIEs and CEAs as well as any and all parties entering into a contract with them to comply with the provisions of the EMF, PMP and RPF, including through the carrying out of the specific plans derived from such frameworks, and ensure that same obligations are appropriately upheld and shared under any pertinent contract further entered into for purposes of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis that it is acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five days (45) after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare, as part of the Project Report, not later than forty-five days (45) after the end of each calendar quarter, interim unaudited financial reports for the Project and shall cause each PIE to prepare interim unaudited financial reports for their respective parts of the Project all covering the said calendar quarter, to be consolidated by PCU and furnished to the Association, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions and shall cause each PIE to have its financial statements and the financial statements for its respective part of the Project audited. Each audit of the Financial Statements and each audit of all the aforementioned PIEs’ financial statements shall cover the period of one fiscal year of the Recipient, (commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project) and one fiscal year of the PIEs, as the case may be. The audited Financial Statements for the entire Project for each such period shall be furnished to the Association not later than six months after the end of such period.
Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

(a) Limited International Bidding;

(b) National Competitive Bidding, subject to the following additional provisions:

(i) the Recipient shall not reject all bids, or, if only one bid is received, it shall not reject the sole bid either and solicit new bids;

(ii) the point system shall not apply;

(iii) bids shall not be rejected on the ground that they are either too high or too low;
(c) shopping; and

(d) Community Participation Procedures which have been found acceptable to the Association, as set forth in the PIM.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

   (a) Quality-based Selection;

   (b) Selection under a Fixed Budget;

   (c) Least Cost Selection;

   (d) Selection based on Consultants' Qualifications;

   (e) Single-source Selection of consulting firms;

   (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association;

   (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and

   (h) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

   The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such
additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, Training, consultants’ services and other eligible expenditures under Matching Grant Agreements for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A.1 (a) and Part A.2.(a) of the Project; and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Other Matching Grant Agreements, including in Parts B and C of the Project.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,000,000</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,700,000</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, Training, consultants’ services and Operating Costs for Parts A; B; C and D of the Project</td>
<td>15,500,000</td>
<td>6,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>15,900,000</td>
<td>17,500,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

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

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $5,000,000 (US$ five million) equivalent may be made for payments made prior to this date but on or after September 1, 2012 for Eligible Expenditures; or

   (b) under Category (1)(a) of the table of Section IV.A.2 of this Schedule, until and unless the operating procedures and a governance mechanism for FIMR and FIA respectively shall have been adopted by the Recipient, satisfactory to the Association.

2. The Closing Date is October 30, 2017.
# SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15:</td>
<td></td>
</tr>
<tr>
<td>commencing September 15, 2023 to and including March 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing September 15, 2033 to and including March 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “AGEROUTE” means Agence de Gestion des Routes, a public entity established pursuant to Decree No.2001-592 dated September 19, 2001, as the Recipient’s agency responsible for the building and management of the national roads network, and which has been appointed the delegated management agency of the Recipient and the PIEs for the implementation, as specifically described in the PIM, of selected portions of Part A.1 (i); Part B.1; Part C.1 (a) and Part C.2 (a) (i) of the Project component.

2. “AIPH” means Association Inter-professionnelle du Palmier à Huile de Côte d’Ivoire, an entity created in 2003 by oil palm producers of the Recipient’s territory pursuant to Recipient’s Law No. 60-315 dated September 21, 1960, as amended to date, to defend and promote the professional interests of the sector.

3. “AIPH Manual” means the manual referred to in Section 5.01(b) of this Agreement for the implementation of Part B.2; Part B.3(b); and Part B.3(c)(ii) of the Project, including all fiduciary and environmental aspects thereof, as adopted by AIPH on the Effective Date.

4. “ANADER” means Agence Nationale d’Appui au Développement Rural, a public/private entity of the Recipient’s created through Decree No. 93-777, dated September 29, 1993, to professionalize rural producers by designing and implementing appropriate tools and programs allowing to achieve a sustainable agricultural production.

5. “APROMAC” means Association des Professionnels du Caoutchouc Naturel de Côte d’Ivoire, an entity established on October 13, 1975, by rubber producers of the Recipient’s territory pursuant to Recipient’s Law No. 60-315 dated September 21, 1960, as amended to date, to represent and defend the professional interests of the sector.

6. “APROMAC Manual” means a manual adopted by APROMAC for the implementation of selected portions of Part B.1 specified therein, Part B.2(a); Part B.3(a) and Part B.3(c)(i) of the Project, including all fiduciary and environmental aspects thereof, as referred to in Section 5.01(b) of this Agreement.


9. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

10. "CNRA" means *Centre National de la Recherche Agricole*, a public private entity established by the Recipient in 1998 to develop agricultural research in the Recipient’s territory.

11. "Co-Executing Agencies" and "CEAs" means the following Recipient’s agencies, namely, AGEROUTE, ANADER, ARECA, CNRA, FIRCA, and any other agency, entity and organization listed in the PIM as agreed, between the Recipient and the Association, to participate in Project implementation.


13. "Conseil du Café Cacao Legislation" means for purposes of Section 401(a) of this Agreement, Ordinance No 2011-481 of the Recipient dated December 28, 2011, establishing the *Conseil du Café Cacao*.

14. "Conseil du Café Cacao Manual" means the manual adopted by *Conseil du Café Cacao*, including the operating manual of FMIR and FIA, all in form and substance satisfactory to the Association for the implementation of Part A of the Project, as referred to in Section 5.01(b) of this Agreement.

15. "Conseil du Café Cacao Subsidiary Agreement" means the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to *Conseil du Café Cacao*.


17. "Delegated Management Agency" refers to AGEROUTE.

18. "DMC" refers to *Contrat de Maîtrise d'Ouvrage Délégée*, the delegated management contract entered into between PCU, on behalf of the Recipient, and
AGEROUTE, the entity appointed to carry out selected aspects of the Recipient's primary network road rehabilitation and improvement activities under the Project.

19. “FDH” means Fonds de Développement de l'Hévéaculture, a funding mechanism established by APROMAC to promote and finance rubber development in the Recipient's territory.

20. “FIRCA” means the Recipient's Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles, an entity established through Decree No.2002 - 520 dated December 11, 2002 to support agriculture development through technical and technological research and provision of relevant technical advisory services and capacity building for and increased sustainable productivity.

21. “ESMF” means Environmental and Social Management Framework, the document prepared by the Recipient for the management of social and environmental aspects of the Project and disclosed to the public on March 25, 2013 as may be amended from time to time only with the express prior written consent of the Association.

22. “EMP” means each specific plan prepared in respect of Project activities in accordance with the ESMF which sets out the environmental protection measures in respect of said activities, as well as the administrative and monitoring arrangements to ensure the implementation of the plan, including any amendments made to such plan, from time to time with the prior written consent of the Association.

23. “FMIR” means Fonds d'Investissement en Milieu Rural, a funding mechanism circa 2008 and currently operated by the Conseil du Café Cacao to finance investments in rural road and other socio-economic infrastructure in the Recipient’s territory.

24. “FIA” means Fonds d'Investissement Agricole, a funding mechanism of the Recipient created circa 2009 and currently operated by the Conseil du Café Cacao to promote cocoa productivity in the Recipient’s territory.

25. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

26. “IEC” means Information and Education Campaign.

27. “INTERCOTON” means an entity established pursuant to Recipient’s Law No. 60-315 dated September 21, 1960, as amended to date, and which shall
receive support under the Project to request its full accreditation by MINAGRI to defend and promote professional interests of the sector.

28. “Intervention Rights” means rights of intervention that may be granted to the Recipient under its laws or expressly under the Subsidiary Agreements and any other contracts related to the Project to which the Recipient is not otherwise a party or signatory. “Matching Grant” means a transfer of financial resources or selected goods and equipment made available, to or for a Sub-Beneficiary, under criteria terms and conditions set forth in the PIE Manual for the carrying out of a Subproject.

29. “Matching Grant Agreement” means any agreement between PCU and a Sub-Beneficiary for the one part, or between a PIE and a Sub-Beneficiary for the other part, concluded for the carrying out of a Subproject.

30. “Matching Grant” means a transfer of financial resources or selected goods and equipment made available, to or for a Sub-Beneficiary, under criteria, terms and conditions set forth in ant PIE Manual for the carrying out of a Subproject.

31. “Memorandum of Understanding” or “MOU” refers to the agreement entered into between PCU, acting on behalf of the Recipient, and a CEA.

32. “MEF” means, depending on the context, the Recipient’s Ministry of Economy and Finance or the minister in charge of it.

33. “MINAGRI” means the Recipient’s Ministry of Agriculture.

34. “M&E” means Monitoring and Evaluation.


36. “Operating Costs” means in respect of Category 2 in the table of Section IV.A.2 of Schedule 2 to this Agreement, the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees.

37. “Pest and Pesticide Management Plan” (“PMP”) means the plan prepared by the Recipient on March 25, 2013 for the control and management of pests and pesticide use under the Project disclosed to the public on March 25, 2013, as may
be amended from time to time only with the express prior written consent of the Association.

38. "PIE Manual" means, in the singular form and depending on the context, either the *Conseil du Café Cacao* Manual, the APROMAC Manual or the AIPH Manual and in plural form all the above manuals prepared or caused to be prepared for the implementation of pertinent parts of the Project by the PIEs.

39. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on August 9, 2012 entered between the Association and the Recipient.


41. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated June 26, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

42. "Project Implementing Entity" or "PIE" means depending on the context, the *Conseil du Café Cacao*, APROMAC or AIPH, or collectively, all of the above named entities.

43. "Project Implementation Manual" and "PIM" mean a comprehensive manual for Project implementation as referred to in Section I.C.1 of Schedule 2 to this Agreement.

44. "RAP" means a document of the Recipient derived from the RPF and setting forth actions, policy and other measures prepared in respect of the Project for the compensation for, physical relocation of, and assistance to persons to be displaced on account of Project implementation.

45. "RPF" means Resettlement Policy Framework, the process framework prepared by the Recipient for the compensation and relocation of persons potentially displaced on account of Project implementation, as disclosed to the public on April 16, 2013 and as may further be amended from time to time only with the express prior written consent of the Association.

46. "Steering Committee" means the committee referred to in section I.A.3 of Schedule 2 to this Agreement.
47. "Sub-Beneficiary" means a smallholder producer and his/her household, or an aspiring farmer, including women and youth, or community farming groups in the areas covered by the Project and which is found eligible to receive proceeds of the Financing to implement a Subproject under either Part A.1 (ii), Part B.2(a), Part B.2(b) or Part C.1(c)(i) of the Project.

48. "Subproject" means a set of: (i) socio-economic investments and activities covered under Part A.1 as regards Conseil du Café Cacao; (ii) rubber planting activities covered under Part B.2(a) as regards APROMAC; (iii) oil palm planting activities covered under Part B.2 (b) as regards AIPH; or (iv) cotton farming activities covered under Part C1(c)(i) of the Project as regards PCU for INTERCOTON, which are deemed eligible for financing based on criteria and under terms and conditions set forth in the Conseil du Café Cacao Manual, the APROMAC Manual, the AIPH manual or the PIM.

49. "Technical Team" means the Recipient's team referred to in Section I.A.2 of Schedule 2 to this Agreement.

50. "Training" means in respect of Categories 1 and 2 in the table of Section IV.A.2 of Schedule 2 to this Agreement: (i) reasonable travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators, including therein workshops and study tours in foreign countries; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under said section.