OFFICIAL DOCUMENTS

GRANT NUMBER D2150-CF

Financing Agreement

(Public Expenditure and Investment Management Reform Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 14, 2017
GRANT NUMBER D2150-CF

FINANCING AGREEMENT

AGREEMENT dated September 44, 2017, entered into between CENTRAL AFRICAN REPUBLIC ("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 grant in an amount equivalent to Seven Million Three Hundred Thousand Special Drawing Rights (SDR 7,300,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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 Payment Dates are 15 May and 15 November in each year.

2.05. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project.

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 — EFFECTIVENESS; TERMINATION

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

(a) The Recipient has established the PMU and the PSC with mandates, compositions, staff and resources satisfactory to the Association.

(b) The Recipient has adopted the PIM in form and substance acceptable to the Association.

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

4.03. 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 fifteen (15) years after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister responsible for economy, planning and cooperation.

5.02. Ministry of Economy, Planning and Cooperation
Rue Martin Luther King
BP 696, Bangui
Central African Republic

Facsimile:

+236-21-619689

5.03. The Association's Address is:

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

Telex: Facsimile:

248423 (MCI) 1-202-477-6391
AGREED at Bangui, CAR, as of the day and year first above written.

CENTRAL AFRICAN REPUBLIC

By

Authorized Representative

Name: Félix Mboua
Title: Ministre de l'Économie du Plan et de la Coopération

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Abrahme Nsé Ndong
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve management and transparency of public expenditures and public investments.

The Project consists of the following parts:


Support to the Recipient to consolidate core functions across the expenditure chain, from budgeting to oversight through:

1.1 Strengthened budget preparation, management, and execution, including the acquisition and deployment of a new FMIS, updating the legal and regulatory framework as well as the procedures governing PFM, an audit of the expenditure chain and associated Technical Assistance, as well as Studies, assessments, evaluations, Training and capacity building.

1.2 Strengthened procurement management through procurement management reforms in the PPRA, the DGPP, and in the Targeted Ministries, Training and capacity building to strengthen the procurement processes, the establishment of a simple procurement monitoring system within the DGPP and in Targeted Ministries, and mandatory procurement audits.

1.3 Strengthened financial management information systems through the stabilization of GESCO, the acquisition, and deployment of a new FMIS, Technical Assistance, Training, Studies and payment of Operating Costs.

1.4 Strengthened treasury management, accounting, and external oversight functions to improve the quality, coverage and timeliness of accounting and reporting and the coverage of the Treasury Single Account through the consolidation of reforms, financing of Recurrent Costs, Training and capacity building, basic rehabilitation of the buildings and payment of Operating Costs.

Part 2. Management and Transparency of Public Investments

Support to the Recipient to improve the performance of the public administration in managing public investments and development assistance through:

2.1 Establishing and operationalizing an RCPCA Secretariat for the purpose of, inter alia, improving coordination, monitoring and evaluation, rehabilitating the offices of the RCPCA secretariat, providing Technical Assistance, Training and capacity building and paying Operating Costs.
2.2 Strengthened management of public investments through, *inter alia*, a stocktaking of existing investment projects, the establishment of a monitoring system for public investments and service delivery and strengthening the capacities of the DGPE and the Targeted Ministries.

Part 3. Project Management

3.1 Project management support for the PMU including for all fiduciary, procurement and monitoring, coordination of technical work and support to technical units within Targeted Ministries; monitoring and reporting, as well as annual audits.

3.2 Use of contingency funds to finance scale-up of existing activities, pilots, technical assistance or cross-cutting analytical studies.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements. The Recipient shall, throughout Project implementation, maintain the following institutional arrangements, as further described in the PIM.

1. The Recipient shall vest overall responsibility for Project implementation jointly in the Ministry of Finance and Budget and the Ministry of Economy, Planning and Cooperation.

2. PSC
   (a) The Recipient shall establish and thereafter maintain a project steering committee ("the PSC") with composition, mandate and resources acceptable to the Association.
   (b) The PSC shall be chaired by a representative of the MFB and co-chaired by a representative of the MEPC.
   (c) The PSC shall be composed of representatives of Targeted Ministries.
   (d) The PSC shall be responsible for the review and approval of the Annual Work Plan and Budget, the provision of overall strategic direction and the review and approval of the final implementation report, including the audit report.

3. PMU
   (a) The Recipient shall establish and maintain a project management unit ("PMU") with mandate, composition and resources acceptable to the Association.
   (b) The PMU shall recruit and at all times during Project implementation maintain sufficient staff, each with adequate terms of reference, qualifications and experience for the Project, such staff to include at a minimum; (i) a project manager; (ii) a deputy project manager (iii) a program manager; (iv) a procurement officer; and (v) a finance officer.
   (c) The PMU shall be responsible for the day-to-day management of the Project and all technical aspects of Project activities, including
preparation and costing of components, implementation and coordination of individual Project activities, establishing and maintaining links with the relevant government

B. PIM

1. The Recipient shall ensure that the Project is carried out in accordance with the PIM.

2. The PIM shall contain detailed arrangements, procedures and mechanisms for: (i) institutional coordination and Project implementation; (ii) the roles and responsibilities of all stakeholders; (iii) Project budgeting, accounting, disbursement and financial management; (iv) procurement; (v) safeguards; (vi) monitoring, evaluation, reporting and communication; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for purposes of implementing the Project.

3. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate the PIM, or any provision thereof.

4. In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budgets

1. Each year the Recipient shall prepare a draft annual work plan and budget for the Project (including Training and Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and

2. The Recipient shall furnish to the Association, not later than November 30 of each year, the annual work plans and budgets approved by the PSC for the Association’s review and approval; 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. Only the activities included in an annual work plan and budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing.

3. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, inter alia, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection methods and criteria of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.
4. The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.

5. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.

D. Anti-Corruption

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

E. Safeguards

1. The Recipient shall ensure that all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Bank’s social and environmental safeguard policy requirements, as well as the Recipient’s own environmental and social laws and regulations.

2. The Recipient shall thereafter ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguards Documents.

3. The Recipient shall ensure that for each activity under the Project of a type for which the ESSAP provides that an ESMP should be prepared, such ESMP shall within four (4) months of the Effective Date be prepared, in form and substance satisfactory to the Association, and disclose it locally and at the Bank’s InfoShop, before the implementation of such activity, in accordance with the provisions of the ESMF, and the relevant activity is implemented in accordance with its ESMP.

4. The Recipient shall, moreover, ensure that for each activity of a type for which the ESSAP provides that a RAP should be prepared, such RAP shall within four (4) months of the Effective Date be prepared in form and substance satisfactory to the Association, (including without limitation to the above, the provision of funds for resettlement compensation when and if required under said RAP), and disclosed locally and at the Bank’s InfoShop, before the implementation of such activity, in accordance with the provisions of the ESSAP, and the relevant activity is implemented in accordance with its RAP.

5. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents, nor shall it permit any other entity participating in the implementation of the Project to do so.

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-
annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

7. In the event that any provision of either the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 of indicators 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 (45) days 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. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter interim unaudited financial reports for the Project covering the quarter, 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. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall not later than six (6) months after the Effective Date recruit and thereafter retain an external auditor.

5. The Recipient shall, not later than three (3) months after the Effective Date install a customized accounting software.
Section III.  **Procurement**

All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

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 Financing 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, and consulting services, Training and Operating Costs, for the Project</td>
<td>7,300,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>7,300,000</strong></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 for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2021.
APPENDIX

Section I. Definitions


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


5. “ESMP” Environmental and Social Management Plan means Environmental and Social Management Plan” means the Recipient’s document prepared and disclosed in accordance with the Environmental and Social Management Framework with respect to an activity included under an Annual Work Program and Budget, that details: (a) the measures to be taken during the implementation and operation of such activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures.

6. “ESSAP” means Environmental and Social Action Plan, the document prepared by the Association to provide guidance on environmental and social safeguards in the processing of this emergency Project, consistent with paragraph 12 of OP/BP 10.00 on Projects in Situations of Urgent Need of Assistance or Capacity Constraints.

7. “FMIS” means financial management information system.


9. “GESCO” means “Gestion Comptable”, the existing financial management information system used to manage the budgeting and accounting of the Recipient.

11. “MFB” means Ministry of Finance and Budget.

12. “Operating Costs” means the costs associated with operating the PMU and the RCPCA Secretariat including those associated with electricity, water, internet access, office supplies, office furniture and equipment, and computer and information technology equipment.


15. “PMU” means Project Management Unit to be established by a Ministerial decision and to be housed within the Ministry of Finance and Budget, with a direct reporting line to the Minister of Finance and Budget.

16. “PPRA” means the Public Procurement Regulatory Authority or L’Autorité de Régulation des Marchés Public established pursuant to Décret 08.335 portant organisation et fonctionnement de l’Autorité de Régulation des Marchés Publics de la République Centrafricaine dated September 20, 2008.

17. “PSC” means Project Steering Committee to be established by an Inter-Ministerial Decision of the Minister of Finance and Budget and the Minister of Economy, Planning, and Cooperation.

18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 17, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


22. “RCPCA Secretariat” means the secretariat charged with overseeing the implementation of the RCPCA.

23. “Recurrent Costs” means costs associated with the functioning of the Central Accounting Agency of the Treasury, including consultant fees, studies, assessments, audits and trainings.
24. "Reforms" means policy reforms undertaken to improve public financial management, including *inter alia*, treasury management, accounting, and external oversight as well as public investment management.

25. "Safeguards Documents" means collectively the ESSAP, ESIA, ESMP and RAPs.

26. "Studies" means studies including the technical specifications of the new FMIS, required governance structures, the procurement and deployment of the new FMIS in the Ministry of Finance and Budget.

27. "Targeted Ministries" means the Ministry of Finance and Budget, The Ministry of Economy, Planning and Cooperation, the ministries in charge of Education Health, Agriculture and Public Works.

28. "Technical Assistance" means the transfer or adaptation of ideas, knowledge, practices, technologies, or skills.

29. "Training" means established learning programs or courses, in institutes/schools in the territory of the Recipient and abroad, workshops, lectures, and coursework and study tours, provided in the Annual Work Plan and Budget.

30. "Treasury Single Account" means a unified structure of government bank accounts which provides a consolidated view of the Recipient's cash resources.