Financing Agreement

(Emergency Public Services Response Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 4 Aug 5th, 2014
FINANCING AGREEMENT

AGREEMENT dated 14th October 2014, 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 and a credit (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 Five Hundred Thousand Special Drawing Rights (SDR 15,500,000) ("Grant"); and

(b) an amount equivalent to Four Million Special Drawing Rights (SDR 4,000,000) ("Credit").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Recipient's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Minister in charge of Finance.
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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

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

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

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

4.02. 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 V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Recipient’s Minister for Economy, Planning and International Cooperation in charge of Development Poles.

5.02. The Recipient’s Address is:

Minister for Economy, Planning and International Cooperation in charge of Development Poles

Ministry of Economy, Planning and International Cooperation in charge of Development Poles,
Rue Martin Luther King
BP 696 Bangui
Central Africa 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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Bangui, Central African Republic, as of the day and year first above written.

Authorized Representative

Madame Florence Limbio,
Minister for Economy, Planning and International Cooperation in charge of Development Poles

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative

Midou-Joshima
Manager
Central African Republic
SCHEDULE 1

Project Description

The objective of the Project is to re-establish an operational government payroll and related financial management systems.

The Project consists of the following parts:

Part 1. Payment of current salaries

Support to the Recipient to pay civil service salaries excluding those of defense and security forces through: (a) updating of the human resource and payroll databases; and (b) payment of Salaries of Eligible Civil Servants, excluding the defense and security forces.

Part 2. Technical assistance to core structures in the Ministries of Finance and Civil service

Support to the Recipient to reestablish minimum capacity for budget execution and control of the revenue generated by the Recipient’s various ministries, departments and agencies through: (a) the provision of contractual technical assistance; (b) the provision of equipment for the core structures of customs, taxation, treasury, general inspectorate of finance, payroll directorate, and the general directorate of civil service; and (c) institutional support and Project Operating Costs for the CS-REF.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest responsibility for overall coordination and facilitation of the implementation of the Project in the Ministry of Finance and Budget.

2. Ministry of Public Service

The Ministry of Finance and Budget shall liaise with the Ministry of Public Service for the implementation of the Project.

3. CS-REF

(a) The Recipient shall vest responsibility for Project coordination in the CS-REF, which shall implement the Project with technical support from the Directorates of the Ministry of Finance and Budget and the Ministry of Public Service.

(b) The Recipient shall also vest responsibility for fiduciary matters in the CS-REF.

(c) The Recipient shall, at all times during Project implementation, ensure that the CS-REF is maintained with mandate, composition and resources acceptable to the Association, including a coordinator, a deputy coordinator, a financial management officer and a procurement officer.

B. Contractual Arrangements

1. To facilitate the carrying out of Part 1 (a) of the Project, the Recipient shall: (i) enter into a Service Agreement with the UNDP, whose form and substance shall be satisfactory to the Association; (ii) ensure that all Project activities to be undertaken by the UNDP under the Service Agreement shall be carried out with due diligence and efficiency, and in accordance with sounds technical, financial, and managerial standards and practices acceptable to the Association; and (iii) ensure that the UNDP shall exercise its rights and carry out its obligations under its Service Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Service Agreement or any provision thereof, or permit to be assigned, amended, abrogated or waived the aforementioned or any provision thereof.
C. **Project Implementation Manual**

1. In order to ensure the proper implementation of the Project, the Recipient shall carry out the Project in accordance with the Project Implementation Manual (PIM).

2. The Recipient shall update and finalize the PIM not later than one month after the Effective Date.

3. The PIM shall set out details of all procedures, guidelines and timetables for Project implementation, including, *inter alia*:

   (i) technical, administrative and institutional arrangements for the coordination and management of the Project;

   (ii) detailed arrangements and guidelines for the overall carrying out of the Project including, *inter alia*, financial management, environmental and social safeguards, procurement and accounting procedures, monitoring and evaluation, and internal control systems for the Project; (iii) eligibility criteria for the selection of civil servants under Part 1 of the Project; and (iv) technical and organizational arrangements.

   (b) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the PIM or any provision thereof.

   (c) In case of any conflict between the terms of the PIM and those of this Agreement, the terms of this Agreement shall prevail.

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 the Project is carried out in accordance with the IPPF.

2. No later than one (1) month after the Effective Date, the Recipient shall prepare the IPPF, in form and substance satisfactory to the Association, and shall ensure that it is consulted upon and disclosed in accordance with the Policies of the Association.

3. 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 ensure that no provision of the IPPF shall be abrogated, amended, repealed, suspended or waived.
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 as part of the Project Report not later than 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 months after the end of such period.

4. The Recipient shall, not later than four months after the Effective Date, recruit an independent external auditor to undertake the required audits for the Project.

5. The Recipient shall, not later than three months after the Effective Date, install a computerized accounting system within CS-REF.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods, 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 and Non-consulting Services**

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

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods 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 of paragraph 3 of this Section I.B; (c) Shopping; (d) Direct Contracting and (e) Procurement from United Nations Agencies.

3. **Additional provisions for National Competitive Bidding.** Goods and non-consulting services contracts will use National Competitive Bidding (NCB) procurement methods in accordance with national procedures using Standard Bidding Documents acceptable to the IDA and subject to the additional requirements:

(a) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the World Bank as Supervising Entity, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the World Bank as Supervising Entity; and (ii) the deliberate and material violation of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(e) of the Procurement Guidelines.

(b) Invitations to bid shall be advertised in national newspapers with wide circulation.
The bid evaluation, qualification of bidders and contract award criteria shall be clearly indicated in the bidding documents.

Bidders shall be given adequate response time (at least four weeks) to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later.

Eligible bidders, including foreign bidders, shall be allowed to participate.

No domestic or CEMAC’s regional preference shall be given to domestic or regional contractors, domestically or regionally manufactured goods; and association with national or regional firm shall not be a condition for participation in a bidding process.

Bids are awarded to the substantially responsive and the lowest evaluated bidder provided this bidder is qualified. No scoring system shall be allowed for the evaluation of bids, and no “blanket” limitation to the number of lots which can be awarded to a bidder shall apply.

Qualification criteria shall only concern the bidder’s capability and resources to perform the contract taking into account objective and measurable factors.

**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) Individual Consultants; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Selection of United Nations Agencies.

**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 Grant (expressed in SDR)</th>
<th>Amount of the Credit (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries for Eligible Civil Servants under part 1(b), Goods, Operating Costs; non-consulting services and consultants’ services for the Project</td>
<td>15,500,000</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>15,500,000</td>
<td>4,000,000</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 prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed Seven Million Eight Hundred Thousand Special Drawing Rights (SDR 7,800,000) may be made for payments made 12 months prior to this date, for Eligible Expenditures.

2. The Closing Date is December 12, 2015.
Section V. Other Undertakings

1. All amounts withdrawn from the Designated Account shall be used exclusively for the activities described under the Project ("Project Expenditure") and not for any military or security sector expenditure. If the Association determines, as a result of a financial report, audit or other information referenced in Section II.B of this Schedule 2 or Section 4.09 of the General Conditions, that an amount withdrawn from the Designated Accounts was used to make a payment for an expenditure other than a Project Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount of the Financing equivalent to the amount of such payment to the Association. All amounts so refunded to the Association shall be canceled.
## 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 April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2024 to and including April 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2034 to and including April 15, 2054</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


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

3. "CS-REF" means Cellule de Chargé du Suivi des Réformes Économiques et Financières, the PFM reform unit established under Decret No. 11.273, dated 21 October 2011, responsible for coordinating economics and PFM reforms in the territory of the Recipient.


8. "Operating Costs" means the incremental expenditures incurred by the Recipient in the implementation of the Project to include costs related to the communications campaign, fuel, IT equipment, office furniture and equipment, telephones and workshops.


10. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 20, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same may be updated from time to time in accordance with the provisions of said paragraphs.
11. "Project Implementation Manual" or "PIM" means the manual approved by the Association and prepared and adopted by the Recipient in accordance with the provision of Section I, C of Schedule 2 to this Agreement, as may be amended from time to time with the prior written agreement of the Association, to guide the implementation of the Project.

12. "Salaries" means the salaries of Eligible Civil Servants, excluding those of military or security sector personnel.