OFFICIAL DOCUMENTS

GRANT NUMBER D430-CF

Financing Agreement

(Emergency Electricity Supply and Access Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D430-CF

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to forty six million eight hundred thousand Special Drawing Rights (SDR46,800,00) ("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 III of Schedule 2 to this Agreement.

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

2.04. The Payment Dates are 15 April and 15 October 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. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:
(a) The Recipient has updated the PIM in form and substance satisfactory to the Association.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient’s Representative is the Recipient’s Minister of Economy, Planning and Cooperation.

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

(a) the Recipient’s address is:

Ministry of Economy, Planning and Cooperation
Rue Martin Luther King
PO Box 696
Bangui
Central African Republic; and

(b) the Recipient’s Electronic Address is:

E-mail: cabinet@mepc-rca.org

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391  
E-mail: ____________
AGREED as of the Signature Date.

CENTRAL AFRICAN REPUBLIC

By ________________________________
Authorized Representative
Name: Félix Moloua
Title: MINISTER OF ECONOMY, PLANNING AND COOPERATION
Date: APRIL 9, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ________________________________
Authorized Representative
Name: Jean-Christophe Carret
Title: COUNTRY DIRECTOR FOR CENTRAL AFRICAN REPUBLIC
Date: APRIL 9, 2019
SCHEDULE 1

Project Description

The objective of the Project is to increase electricity supply and access in the territory of the Recipient.

The Project consists of the following parts:


Part 2. Strengthening of the Transmission and Distribution Networks

2.1 Reinforcement and upgrading of the transmission infrastructure through upgrading substations Bangui A and Bangui B to increase their transformation capacity, the modernization of substation equipment, the installation of the SCADA system, the building of a new 25 MVA capacity transformer and the rehabilitation of protection systems.

2.2 Improved distribution infrastructure and services through (a) upgrade investments to existing distribution infrastructure; (b) the construction of new distribution lines and related equipment including the installation of transformers, circuit breakers and installation equipment and equipment for last mile connection; and (c) the financing of specific feasibility studies.

Part 3. Institutional strengthening, capacity building and project implementation support

3.1 Strategic support for the strengthening of the energy sector through technical assistance including: (a) the promotion of renewable energy, through development of prospectus and policies and an update of the National Energy Policy to include renewable energy promotion; (b) financing a Service and Tariff Design Study; (c) updating the Recipient’s legal and regulatory framework to promote private sector participation in renewable generation and energy efficiency; and (d) a market assessment and feasibility study to develop solar home systems and solar panels for public buildings.

3.2 Capacity building activities for ENERCA and MDEWR technical management and staff and the PIU, including Training on: (a) procurement, project management and contract management; (b) O&M of solar plants; (c) grid management and SCADA operation in a diversified generation pool; (d) safeguards, including sensitization on GBV,
labor influx, and GRM; and (e) gender training and gender-sensitive capacity building activities in ENERCA and MDEWR.

3.3 Project Implementation support including (a) studies for project preparation, including Safeguards Instruments, topographic, geotechnical and hydrologic studies for the project sites, feasibility studies for generation, transmission and distribution; (b) Project implementation support including financing the contract of an Owner's Engineer to assist the PIU and ENERCA during procurement, construction of the solar plant and the preparation of funding request to the GCF; (c) support to the PIU including staff salaries, including two new technical experts, operational and supervision costs, equipment, offices and vehicles and supervision support for ENERCA and MDEWR; and (d) implementation of the Safeguards Instruments.

3.4 Provision of a comprehensive set of services for women affected by GBV in the Project implementation area including the establishment of a center offering medical and basic psychosocial care to GBV survivors, training, psychosocial and socioeconomic support activities, including financial support to women's associations for income-generation activities according to eligibility criteria and procedures acceptable to the Association and contained in the PIM.

Part 4. Contingency Emergency Response

Support for a disaster response contingency funding mechanism that could be triggered in the event of an Eligible Crisis or Emergency, such as a natural disaster involving a formal declaration of a national or regional state of emergency, or a formal request from the Recipient in the wake of a disaster. In that event, funds from other Parts would be reallocated to this component to facilitate rapid financing of a positive list of goods and services related to Parts 1, 2 and 3, that would still be relevant to the achievement of the PDO.
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 in its MDEWR.

2. Memoranda of Understanding
   (a) The Recipient shall throughout Project implementation maintain and give effect to the Memorandum of Understanding between the PIU, MDEWR and MTCA dated 6 December 2018, concluded for the purpose of ensuring adequate coordination between the relevant ministries relative to the PIU and the effective implementation of the Project.
   (b) The Recipient shall, throughout Project implementation, maintain and give effect to the Memorandum of Understanding between the PIU and ENERCA dated 19 December 2018 concluded for the purpose of ensuring adequate coordination between the utility and the PIU, and to guarantee the effective implementation of the Project.

3. SC
   (a) The Recipient shall at all times during Project implementation maintain, the Steering Committee ("SC") with composition and mandate acceptable to the Association.
   (b) The SC shall be chaired by a representative from the MDEWR and include *inter alia* representatives from the Ministry of Economy, Planning and Cooperation; Ministry of Finance and Budget; Ministry of Commerce; Ministry of Environment, ENERCA and SODECA.
   (c) The SC shall be responsible for providing overall strategic guidance, general oversight of Project implementation, performance monitoring, cross-sectoral coordination and consistency with sector policy and strategies, the approval of Annual Work Plans and Budgets, procurement plans, annual audit reports and progress reports.
   (d) The SC shall meet at least once every three (3) months.
4. **PIU**

   (a) The Recipient shall, at all times during Project implementation, maintain the PIU within the MTPER, with mandate, staffing and resources acceptable to the Association.

   (b) The PIU shall have responsibility for Project implementation, including day to day management of project activities, coordination, fiduciary management, procurement, environmental and social impact mitigation, and the preparation of IFRs and project reports.

   (c) The PIU shall, at all times during Project implementation, retain the following staff, *inter alia*, each with terms of reference, qualifications and experience satisfactory to the Association: (i) a coordinator; (ii) a procurement specialist; (iii) a financial management specialist; (iv) a monitoring and evaluation specialist; and (v) a social and environmental safeguards specialist.

   (d) The PIU shall retain a financial management specialist with terms of reference, qualifications and experience satisfactory to the Association.

   (e) The PIU shall retain, on seconded assignments, two new technical experts from ENERCA, to provide technical support for the procurement process and Project implementation.

**B. PIM**

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual ("PIM"), in form and substance acceptable to the Association.

2. The PIM shall contain detailed arrangements, procedures and mechanisms for: (i) institutional coordination; (ii) the administrative rules, procedures and guidelines for procurement, financial management, disbursement and safeguards; (iii) supervision, control, monitoring; (iv) monitoring, evaluation, reporting and communication; (v) all environmental and social safeguards matters; and (vi) other such 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 Plan and Budget

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.

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 Steering Committee 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 be financed 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 approval.

D. 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 Safeguard Documents.

3. The Recipient shall ensure that for each activity under the Project of a type for which the ESMF provides that an ESIA must be prepared:

   (a) such ESIA shall, be prepared, in form and substance satisfactory to the Association;
(b) such ESIA shall be disclosed locally and on the Association’s website before the implementation of such activity, in accordance with the provisions of the ESMF;

(c) the relevant activity is implemented in accordance with the relevant ESIA; and

(d) where such activity involves Works, no such Works are commenced until the relevant ESIA has been adopted and publicly disclosed.

4. The Recipient shall ensure that for each activity of a type for which the Resettlement Policy Framework (RPF) provides that a RAP must be prepared:

(a) such RAP shall 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);

(b) such RAP shall be disclosed locally and on the Association’s website before the implementation of such activity, in accordance with the provisions of the RPF;

(c) the relevant activity is implemented in accordance with its RAP; and

(d) where such activity involves Works, no such Works are commenced until said RAP is finalized and publicly disclosed and the Recipient has properly compensated Displaced Persons.

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 quarterly 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; (c) remedial measures taken or required to be taken to address such conditions; (d) implementation of the GRM; (e) health and safety issues; and (f) issues related to GBV.

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.
E. **External Audit**

The Recipient shall, not later than six (6) months after the Effective Date recruit an external auditor with terms of reference, qualifications and experience satisfactory to the Association.

F. **Contingency Emergency Response**

In order to ensure the effective implementation of Part 4 of the Project, the Recipient shall take the following measures.

1. The Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the CER, including: (i) designation of terms of reference for, and resources to be allocated to the entity to be responsible for coordinating and implementing the CER ("Coordinating Authority"); (ii) specific activities which may be included in the CER, Eligible Expenditures required thereunder ("Emergency Expenditures"), and any selection procedures for such inclusion; (iii) financial management arrangements for the CER; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER, consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure effective coordination and implementation of the CER;

   (b) afford the Association a reasonable opportunity to review said proposed operations manual;

   (c) promptly adopt such operations manual for the CER as shall have been approved by the Association ("EROM");

   (d) ensure that the CER is carried out in accordance with the EROM; in the event of any inconsistency between the provisions of the CER Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

   (e) not amend, suspend, abrogate, repeal or waive any provision of the EROM without prior approval by the Association.

2. The Recipient shall, throughout the implementation of the CER, maintain the Coordinating Authority, with adequate staff and resources satisfactory to
the Association.

3. The Recipient shall not undertake any activities under the CER until the following conditions have been met:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CER in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, in accordance with the CER Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

G. Contractual Arrangements

1. The Recipient shall, not later than three (3) months after the Effective Date, conclude a Design, Supply and Installation, Operation and Maintenance Contract for a solar PV plant with battery storage, with a Contractor following a competitive tender, in form and substance satisfactory to the Association.

H. Other Undertakings

1. The PIU shall, not later than two (2) months after the Effective Date customize its existing accounting software to confirm with the SYSCOHADA accounting system to be applied to the Project.

2. The Recipient shall, not later than one (1) month after the Effective Date, formalize the land title to the Project Site.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the
Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<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>45,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>1,500,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>(3) CER Component</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>46,800,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date; or

   (b) under Category 3 unless the following conditions have been met:

   (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include such activities in the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such
determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has adequate staff and resources for the purposes of said activities; and

(iii) the Recipient has adopted the EROM in form, substance and manner acceptable to the Association.

2. The Closing Date is February 28, 2024.
APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2. “Bangui A” means the transformer substation Bangui A with 20 MVA capacity.

3. “Bangui B” means the transformer substation Bangui B with 10 MVA capacity.

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


7. “EROM” means Emergency Response Operational Manual, described in Section 1.F of Schedule 2 to this Agreement.

8. “ESIA” means Environmental and Social Impact Assessment, the Recipient’s assessment of environmental and social aspects of the Project, prepared in form and substance acceptable to the Association, dated, and disclosed by the Recipient on 29 December 2018, and on the Association’s website on 29 December 2018, which contains, inter alia, the guidelines for the carrying out of environmental assessments, for the preparation and implementation of environmental management plans, provisions on agricultural good practices and, where applicable, mitigation measures related to natural habitats and forests, chance finds procedures, and negative list of activities, and the policies and procedures designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse social and environmental impacts, or reduce such impacts to acceptable levels, as such ESIA may be amended from time to time, subject to compliance with the provisions of this Agreement and the advance written agreement of the Association.

9. “ESMF” means Environmental and Social Management Framework, the Recipient’s framework for the environmental and social management of the Project, prepared in form and substance acceptable to the Association, dated 29 December 2018 and disclosed by the Recipient on 29 December 2018, and through the Association’s website on 29 December 2018, which contains, inter alia, the guidelines for the carrying out of environmental assessments, for the preparation
and implementation of environmental management plans, the screening, preparation, implementation and monitoring of subprojects, provisions on good practices and, where applicable, mitigation measures, and the policies and procedures designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse social and environmental impacts, or reduce such impacts to acceptable levels, as such ESMF may be amended from time to time, subject to compliance with the provisions of this Agreement and the advance written agreement of the Association.

13. “GRM” means grievance redress mechanism.
18. “MWh” means Mega Watt Hour.
21. “Operating Costs” means the day-to-day costs of running the PIU including IT equipment, office supplies and vehicles.
22. “Owners Engineer” means the contractor responsible for providing technical support to the PIU during the procurement process and providing supervision and monitoring of the project during construction.
23. "PIM" means the Project Implementation Manual, described in Part B of Schedule 1 of this Agreement, to be adopted by the Recipient.

24. "PIU" means the Project Implementation Unit, a unit established by the Recipient within MTCD with responsibility for day-to-day management, implementation, monitoring and evaluation of the Project as further detailed in the PIM.

25. "Preparation Advance" means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the [Association/Bank] to the Recipient pursuant to the letter agreement signed on behalf of the Association on 21 September 2018 and on behalf of the Recipient on 29 September 2018.


27. "Project Site" means the 75-hectare site identified to host the solar PV plan with battery storage near the village of Danzi, 20 km from Bangui.

28. "RAP" means Resettlement Action Plan, the plan dated 29 December 2018, and disclosed in-country on 29 December 2018 and in the Association's website on 29 December 2018, required pursuant to the RPF for any activities to be financed under the Project involving involuntary resettlement of persons, and to be prepared, disclosed and implemented by the Recipient in accordance with the provisions of Sections 1.0.4 of Schedule 2 to this Agreement and approved by the Association.

29. "RPF" means Resettlement Policy Framework "Resettlement Policy Framework" or "RPF" means the Resettlement Policy Framework, dated 29 December 2018, and disclosed in-country on 29 December 2018 and in the Association's website on 29 December 2018, describing a program of actions, measures and policies designed to avoid or minimize any adverse impact or hardship to Displaced Persons as a result of the Project or, in the event that such adverse impact or hardship cannot be avoided, provide for the compensation and resettlement of such Displaced Persons, as such RPF may be amended from time to time, subject to compliance with the provisions of this Agreement and the prior written agreement of the Association.

30. "Safeguard Instruments" means the ESIA, ESMF, RPF and RAP.

31. "SC" means Steering Committee.

32. "SCADA" means Supervisory Control and Data Acquisition; the SCADA system comprises a Primary Control System; a Program Development System and a Dispatcher Training System.
33. “Service and Tariff Design Study” means the electricity tariff assessment to be undertaken by MDEWR.

34. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

35. “Solar PV Electricity Generation Plant” means a solar powered grid connected electricity generation plant with approximately 35MWh battery storage to be located near Bangui.

36. “Design, Supply, Installation, Operation and Maintenance Contract” means the contract referred to in Section I.G.1 of Schedule 2 to this Agreement.

37. “SODECA” means Société de distribution d’eau en Centrafricaine, the Recipients water distribution company.

38. “SYSCOHADA” means the assigned accounting system in West and Central African Francophone Countries applicable to the Project.