OFFICIAL DOCUMENTS

GRANT NUMBER D4550

Financing Agreement
(Consolidation and Social Inclusion Development Policy Financing)
between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between CENTRAL AFRICAN REPUBLIC ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I A of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework therefore. 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, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to Seventy-one Million Six Hundred Thousand Special Drawing Rights (SDR 71,600,000) ("Financing").

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

2.03. The Payment Dates are 15 April and 15 October in each year.

2.04. The Payment Currency is Euro.

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

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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

ARTICLE V — EFFECTIVENESS; TERMINATION

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

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

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister responsible for economy, planning and cooperation.

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

   PO Box 696
   Rue Martin Luther King
   Bangui; and

   (b) the Recipient’s Electronic Address is:

   E-mail: cabinet@mepc-rea.org

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

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

   (b) the Association’s Electronic Address is:

   Telex:   Facsimile:

   248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

CENTRAL AFRICAN REPUBLIC

By

Authorized Representative
Name: Felix Ndalou
Title: Minister of Economy, Planning, and Cooperation
Date: May 27, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
Name: Robert Brovissard
Title: Country Manager
Date: May 11, 2019
**SCHEDULE 1**

**Program Actions; Availability of Financing Proceeds**

**Section I. Actions under the Program**

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

1. The Recipient has, enacted: (i) the Code of Transparency and Good Governance in Public Financial Management (Loi 17.23) (Loi 17.23 portant code de Transparence et de bonne gouvernance dans la gestion des finances publiques) on December 21, 2017; and (ii) the Finance Law (Loi Organique 18-013 relative aux Lois de Finances en République Centrafricaine) on July 13, 2018 transposing CEMAC Directives on Public Financial Management.

2. The Recipient has, through its Minister of Finance and Budget issued: (i) Circulaire 1391 du 27 septembre 2018 portant délégation du pouvoir de l’ordonnateur principal au profit des ordonnateurs délégués pour l’exercice 2019, delegating commitment and validation of expenditures to the ministries responsible for Education; Research and Innovation; Higher Education; Health and Population; Agriculture and Rural Development, Livestock and Animal Health; Humanitarian Action and National Reconciliation; Gender and Child Protection; Medium and Small Enterprises and Artisans; and Energy and Hydrolic Resources; and (ii) Arrêté 1244/MFB/DIR/CAB/DGB.18 du 13 novembre 2018 appointing a financial controller to each of the ministries mentioned in part (i) immediately above, in order to reduce the use of exceptional spending procedures.

3. The Recipient has, through its Minister of Finance and Budget and its Minister of Civil Service, issued arrêté interministériel 2126/MFP/DIRCAB portant organisation du contrôle de présence des fonctionnaires et agents de l’état du 26 octobre 2018, establishing a mechanism to monitor the presence of agents and civil servants, to reduce absenteeism in the civil service.

4. The Recipient has, through its Minister of Finance and Budget issued: (i) arrêté 1243/2018/MFB/DIRCAB/DGDDI du 09 novembre 2018 portant érection du bureau des douanes de Mongoumba en services de recettes de douanes for the purpose of establishing a full customs office at Mongoumba and; (ii) arrêté 1264/2018/MFB/DIRCAB/DR du 28 novembre 2018 instituant les règles de rotation des fonctionnaires et agents des douanes to establish rotation rules for customs personnel, in order to improve revenue mobilization from customs.

5. The Recipient’s Road Maintenance Fund has generated financial statements for the first and second quarters of 2018 and submitted said financial statements to the Central Accounting Agent of the Directorate General of the Treasury and Public Accounting by letter 0818/FER/OP/CG/DAFC dated October 8, 2018 to demonstrate improved financial oversight of the RMF.

6. The Recipient has, through its Minister of Finance and Budget, (i) published the audit of the Forest Development Fund and the Electronic Communication and Postal Regulatory Authority on its website www.finances-budget.cf; and (ii) initiated the recruitment process of an audit firm to undertake the audits of the National Civil Aviation Agency, the National Environment Fund, the Airport Infrastructure Development Corporation, the Tourist Development Special Fund and the National Radioprotection Agency.
7. The Recipient has, through the action of the Prime Minister decree, issued arrêté 025 du 8 octobre 2018 portant création, attribution, composition et fonctionnement de la cellule de filets sociaux establishing a Center for the Coordination of Safety Nets responsible for the establishment and promotion of a national monitoring system of social protection programs, and the establishment of a Social Registry.

8. The Recipient has: (i) through a Presidential Decree, décret 19.037 du 15 février 2019 portant gratuité des soins dans les formations sanitaires establishing targeted free healthcare for children under-five, pregnant and breastfeeding women and victims of GBV; and (ii) through an order of its Minister of Health, arrêté 142/MSP/DRCAB/CMAJ.019 du 07 février 2019 portant approbation du manuel d’exécution du financement basé sur la performance dans le secteur de la santé en République Centrafricaine adopting the operations manual for performance-based financing in the health sector.


Section II. Availability of Financing Proceeds

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

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

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>71,600,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>71,600,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions.

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

D. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:

   (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated
account in Euros ("Foreign Currency Dedicated Account"); (ii) a dedicated account in XOF ("Local Currency Dedicated Account"); and

(b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.

2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the XOF equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

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

1. have the Dedicated Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

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

3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is May 30, 2020.
Section I. Definitions

1. “2018 Review of Human Resource Stock and Strategic Planning for Short to Medium-Term Needs” means the analytical study of the Recipient’s education sector that includes: (i) a diagnostic of the existing stock of teachers and non-teachers, including an analysis of the quality, qualifications and type of teachers; (ii) a projection of the medium-term need of teachers accounting for the training of new teachers and community teachers-teachers in the system; and (iii) a projection of the short and medium term financial impact of training or recruitment of teachers to facilitate appropriate sector planning.

2. “Airport Infrastructure Development Corporation” means Société de Développement des Infrastructures Aéroportuaires de Centrafrique established pursuant to Law 12-009 of June 12, 2012 with a mandate to: (i) manage revenues collected by the International Air Transport Association (IATA); (ii) ensure monitoring and control of revenues; (iii) mobilize external financing to undertake large airport infrastructure projects; (iv) modernize, enlarge and bring to recommended standards the International Airport of Bangui-M’poko; and (v) guarantee the reimbursement of borrowed funds.


4. “CEMAC” means Communauté Économique et Monétaire de l’Afrique Centrale, the Central African Economic and Monetary Community.


6. “Center for the Coordination of Safety Nets”, means Cellule de filets sociaux established by Arrêté 025/PM.18 of October 5, 2018, and responsible for: (i) a harmonized system for the identification, targeting and registering of beneficiaries of social protection programs; (ii) a harmonized payment system of said beneficiaries; (iii) a national monitoring and evaluation system of social protection programs system; (iv) a national system for the treatment and resolution of grievances; (v) pilot activities of social protection programs; (vi) an advisory mechanism, housed in the Recipient’s Ministry of Humanitarian Action and National Reconciliation.


9. “Electronic Communication Regulatory Authority” means Autorité de régulation des communications électroniques et la poste (ARCEP) established by loi 17.017 of May 19, 2017.

10. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.


14. “Local Currency Dedicated Account” means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.


18. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated March 19, 2019 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.

19. “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.

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

21. “Social Registry” means a database of poor and vulnerable households established for the purpose of delivering human development and resilience programs, including but not limited to health, education, social protection, and humanitarian assistance.

23. “XOF” means Central African CFA Francs, the currency of the Recipient.