Financing Agreement

(Reintegration of Ex-Combatants Project)

Between

CENTRAL AFRICAN REPUBLIC

And

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 22, 2017
AGREEMENT dated June 22, 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 twenty two million two hundred thousand Special Drawing Rights (SDR 22,200,000) ("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 June and 15 December 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 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 Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has the DDRR-PIU, each 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 twenty (20) years after the date of this Agreement.
ARTICLE V— REPRESENTATIVE; ADDRESSES

5.01 The Recipient's Representative is its Minister responsible for economy.

5.02. The Recipient's Address is:

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

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

CENTRAL AFRICAN REPUBLIC

By

Authorized Representative

Name: Felix Moloua

Title: Minister of Economy, Planning and Cooperation

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Jean-Christophe Carret

Title: Country Manager, Central Africa Republic
SCHEDULE 1

Project Description

The objective of the Project is to support the social and economic reintegration of demobilized Ex-Combatants and improve access to socio-economic infrastructure and economic opportunities for host communities.

The Project consists of the following parts:


1.1 Orientation, Counseling and Skills Training

Support for the provision of a foundational skill set to Ex-Combatants to facilitate a transition to civilian life, including livelihoods guidance and career counseling, information, Trainings for Ex-Combatants and advice on training options, social and life skills modules,

1.2 Start-up Reintegration Support

Support for the provision of Start up Support Kits corresponding to the vocational skills training provided to Ex-Combatants.

1.3 Follow-up Reintegration Support

Support for the provision of (a) Outreach Reintegration Support Services including community-based follow up training and advisory and referral services, and (b) Drop-in Reintegration Support Services for Ex-Combatants, including information, advisory and referral services.

1.4 Support to Vulnerable Ex-Combatants

Support for the provision of additional specialized support to Vulnerable Ex-Combatants including female Ex-Combatants, Ex-Combatants with physical disabilities and Ex-Combatants in need of psycho-social counseling.

Part 2. Support to Host Communities

2.1 Improvement of Socio-economic Infrastructure

Support for the improvement of socio-economic infrastructure through Subprojects, comprising activities such as: (i) rehabilitation of small scale connective infrastructure; (ii) access to basic social services such as the rehabilitation of schools and dispensaries, provision of training for teachers, and restocking of books and (iii) access to economic opportunities such as rehabilitation of markets and harvest storage facilities, rehabilitation
of training and drop in support centers, facilitation of linkages to micro-finance institutions and rehabilitation of water sources.

2.2 Capacity Building for Host Communities

Support for the Recipient's ongoing activities aimed at national reconciliation through reinforcing social structures and economic capacities of communities, including: (i) establishment and capacity building of community councils, and (ii) provision of Training on social cohesion and conflict prevention.

Part 3. Project Management

Carrying out the following activities to support Project management: (i) capacity building; (ii) sensitization and communication; (iii) environmental and social safeguards management and (iv) monitoring and evaluation.
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 Project Manual.

1. The Recipient shall vest overall responsibility for Project implementation in the Coordination of DDRR, SSR and National Reconciliation.

2. Strategic Committee
   (a) The Recipient shall maintain a strategic committee ("the Strategic Committee") with composition, mandate and resources acceptable to the Association.
   (b) The Strategic Committee is chaired by the President.
   (c) The Strategic Committee is responsible for providing overall strategic oversight to the project, ensuring consistency between DDRR, SSR and NR programs, adopting specific policies on the peace agenda and ensuring coordination at the policy and strategic level.

3. Technical Committee
   (a) The Recipient shall maintain a technical committee ("the Technical Committee") with composition, mandate and resources acceptable to the Association.
   (b) The Technical Committee is chaired by the Special advisor to the President.
   (c) The Technical Committee is responsible for formulating implementation modalities and coordinate the implementation of activities.

4. DDRR-PIU
   (a) The Recipient shall establish and maintain a PIU (DDRR-PIU) with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall maintain at all times sufficient staff, each with adequate terms of reference, qualifications and experience for the Project.
(b) The DDRR PIU 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 departments and other entities, including international partners as well as monitoring and evaluation.

(c) The DDRR-PIU shall include, inter alia: (i) a project coordinator, (ii) a reintegration officer; (iii) a safeguards officer; (iv) a communications officer; (v) an IT specialist; (vi) an M&E officer; (vii) a logistics officer; (viii) an administrative officer; (ix) a program assistant; and (x) a driver.

5. **CS-REF**

(a) The Recipient shall vest responsibility for all fiduciary matters connected with Project implementation in CS-REF, housed within the Ministry of Finance and Budget.

(b) 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.

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 involvement stakeholders; (iii) Project budgeting, accounting, disbursement and financial management; (iv) procurement; (v) the selection of Subprojects, including eligibility and selection criteria; (vi) safeguards, including a Negative List for ineligible Subprojects; (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

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 Strategic 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 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 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 the Negative List contained in the PIM shall be complied with and that no Subproject deemed ineligible thereunder shall be financed.

4. The Recipient shall not later than four (4) months after the Effective Date, prepare and adopt the ESMF, as provided for by the ESSAP, in form and substance satisfactory to the Association, and shall ensure that it is consulted upon with affected communities and disclosed in the territory of the Recipient and at the Bank’s InfoShop. The Recipient shall, moreover, ensure that:

   (a) for each activity under the Project of a type for which the ESMF provides that an ESMP or ESIA should be prepared, the Recipient shall ensure that such ESMP or ESIA shall be prepared, in form and substance satisfactory to the Association, and locally disclosed 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 or ESIA;

   (b) For each activity under the Project of a type involving the use of pesticides or other hazardous agricultural chemicals, in addition to implementing the integrated pest management measures provided for in the ESMF, the EPMP shall updated and disclosed locally and in the Bank InfoShop, before the implementation of such activity, in accordance with the terms of said Pest Management Plan, and the relevant activity shall be implemented in accordance with the terms of said Pest Management Plan; and

   (c) For each activity under the Project of a type for which the ESMF provides that an IPP should be prepared, such IPP shall be prepared and disclosed locally and at Bank’s InfoShop, before the implementation of such activity, in accordance with the terms of said IPP, and the relevant activity shall be implemented in accordance with the terms of said IPP.

5. The Recipient shall, not later than four (4) months after the Effective Date, prepare and adopt the RPF in form and substance satisfactory to the Association and shall ensure that it is consulted upon with affected communities and disclosed in the territory of the Recipient and at the Bank’s InfoShop. The Recipient shall, moreover, ensure that:

   (a) for each activity of a type for which the RPF provides that a RAP should be prepared, 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), and disclosed locally and at the Bank’s InfoShop, before the implementation of such activity, in accordance with the provisions of
the RPF, and the relevant activity is implemented in accordance with its RAP;

6. 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.

7. 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.

8. 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 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 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, commencing with the fiscal year in which the first withdrawal was made under the Project. 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. Not later than three (3) months after the Effective Date, the Recipient shall recruit a procurement officer, an FM officer, and an administrative and financial assistant.

Section III. Procurement

All goods, works, non-consulting services and 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 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, Operating Costs, non-consulting services, consultant services and Training for the Project</td>
<td>22,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>22,200,000</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 for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2020.
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 pursuant to Décret No. 11.273, dated 21 October 2011, with a mandate to manage economic and PFM reforms in the territory of the Recipient.

4. “DDRR” means disarmament, demobilization and reintegration.

5. “DDRR Program” means the Recipient’s program on disarmament, demobilization and reintegration established pursuant to decree no 17-087 dated March 4, 2017.

6. “DDRR” means disarmament, demobilization, reintegration and repatriation.

7. “Drop-in Reintegration Support Services” means information, advisory and referral services during the second 12-month period, following those provided during Outreach Reintegration Support Services.

8. “EPMP” means existing pest management plan, prepared during the implementation of the CAR Emergency Food Crisis and Agricultural Relaunch Project P149512, and to be updated pursuant to the ESMF.

9. “ESIA” means environmental and social impact assessment, to be prepared pursuant to the ESMF.

10. “ESMF” means environmental and social management framework, to be adopted pursuant to the ESSAP.

11. “ESMP” means environmental and social management plan, to be prepared pursuant to the ESMF.

12. “ESSAP” means environmental and social safeguard action plan designed specifically for the Project, April 13, 2017. It provides guidance on the approach to be taken during project implementation for the selection and design of
subprojects and the planning of mitigation measures to ensure due diligence, avoid causing harm, and to ensure consistent treatment of social and environmental issues by the Government of CAR and the World Bank.

13. “Ex-combatants” means all persons who have laid down or surrendered his/her arms with a view to entering DDRR process, consistent with Article 43(2) of the Protocols Additional to the Geneva Conventions of 12 August 1949, and who have been registered by the Recipient as eligible for the DDRR Program.


15. “IPP” means indigenous peoples plan, to be prepared under the ESSAP, and referred to in Section 1.E.4 (c) of Schedule 2 to this Agreement.


17. “Operating Costs” means the costs associated with operating the DDRR-PIU including those associated with electricity, water, internet access, office supplies and excluding salaries.

18. “Outreach Reintegration Support Services” means community based follow-up training, including training on the initiation of income generating activities by individuals, small groups or economic associations and cooperatives, as well as advisory and referral services.

19. “PIM” means Project implementation manual described in Section 1.B of Schedule 2 to this Agreement.

20. “PIU” means Project implementation unit, described in Section 1A.4 of Schedule 2 to this Agreement.

21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 13, 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.


23. “RAP” means resettlement action plan to be prepared pursuant to the RPF and referred to in Section 1.E.5 of Schedule 2 to this Agreement.

24. “RPF” means resettlement policy framework, to be adopted pursuant to the ESSAP.
25. "Safeguards Documents" means collectively, the ESSAP, an ESMF, an ESIA, a RAP, and IPP or an EPMP.

26. "Skills Training Package" means literacy and numeracy training; targeted life and social skills training; entrepreneurship, small business and financial management training; formation and management of economic associations and cooperatives training; and vocational skills training.

27. "SSR" means security sector reform.

28. "Start up Support Kits" means a kit designed according to a process outlined in the PIM.

29. "Subprojects" means activities, undertaken under Part 2 of the Project identified through selection criteria and a selection process stipulated in the PIM, and through a process of socio economic assessment informed by community needs and community consultation.

30. "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.

31. "Trainings for Ex-Combatants" means trainings offered to Ex-Combatants to include literacy and numeracy training, targeted social and life skills training, entrepreneurship, small business and financial management training; initial training on formation and management of economic associations, and vocational skills training across primary, secondary and tertiary sectors.

32. "Vulnerable Ex-Combatants" means Ex-Combatants who are identified as vulnerable according to vulnerability criteria and an identification process stipulated in an annex to the PIM.