Financing Agreement
(Service Delivery and Support to Communities Affected by Displacement Project)

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 19, 2017
GRANT NUMBER D1920-CF

FINANCING AGREEMENT

AGREEMENT dated 11 April, 2017, entered into between the CENTRAL AFRICAN REPUBLIC ("Recipient") and the 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 million seven hundred thousand Special Drawing Rights (SDR 20,700,000) ("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. 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

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

   (a) The Service Agreement has been executed on behalf of the Recipient and the Service Provider.

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

   (c) The Recipient has established the Project Steering Committee with mandate, composition, staff and resources satisfactory to the Association, as further set out in Section 1.A of Schedule 2 to this Agreement.

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

Telex: 248423 (MCI) Facsimile: 1-202-477-6391
AGREED at Bambari, May 19, 2017, as of the day and year first above written.

CENTRAL AFRICAN REPUBLIC

Authorized Representative
Name: TCUADERA FAUSTIN A.
Title: President de la République Centrafrique

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative
Name: GEORGIEVA KRISTALINA
Title: Chief Executive Officer (IBRD/IDA)
SCHEDULE 1

Project Description

The objective of the Project is to increase access to basic services, infrastructure and safety nets for communities affected by forced displacement.

The Project consists of the following parts:

Part 1.  Access to Basic Services and Infrastructure

Support to the Recipient for Infrastructure Activities in Targeted Areas aimed at improved access to basic services including construction and rehabilitation of infrastructure including roads, roadside drainage, street lights, schools, health clinics, water points, sanitation facilities, neighborhood markets, veterinary services, small bridges, crop drying yards and culverts.

Part 2  Safety Nets

Support to the Recipient for the carrying out of a Cash Transfer Program aimed at transferring cash to Eligible Beneficiaries in Targeted Areas of the Recipient’s territory to meet immediate consumption needs and over time progressively rebuild lost private assets, to include: (i) Cash Transfers; and (ii) the costs associated with carrying out of said Cash Transfer Program.


Support to the Recipient for: (a) community mobilization and the provision of Accompanying Measures for Infrastructure Activities and Cash Transfers that promote beneficiary community engagement and help build a Beneficiary Registry; (b) capacity building and technical assistance related to service delivery; and (c) the costs of management, coordination, implementation, and monitoring and evaluation of Project activities.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest overall responsibility for Project implementation in the Ministry of Social Affairs and National Reconciliation (MASRN). As part of such overall responsibility, the Recipient vest responsibility in the MASRN Technical Unit for coordination and technical oversight of Project activities, as well as for advising the Fiduciary Agent on payment requests from the Service Provider.

2. Project Steering Committee
   (a) The Recipient shall establish, and at all times during Project implementation maintain, the Project Steering Committee.
   (b) The Project Steering Committee shall be responsible for overall institutional oversight, ensuring that the Project activities are aligned with National Plans and Guidelines related to development and forced displacement.

3. Fiduciary Agent
   (a) The Recipient shall vest all fiduciary responsibility for the Project in the Fiduciary Agent within the Recipient's Ministry of Transport, including the execution of the Service Agreement with the Service Provider.
   (b) The Recipient shall, at all times during Project implementation, ensure that the Fiduciary Agent is maintained with mandate, composition and resources acceptable to the Association.

B. Project Implementation Manual

1. The Recipient shall ensure that the Project is carried out in accordance with a Project Implementation Manual (“PIM”) satisfactory to the Association.

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

3. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or permit to be assigned, amended, abrogated or waived, the PIM, or any provision thereof, without the prior written consent of the Association.

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.

2. The Recipient shall furnish to the Association, not later than November 30 of each year, said annual work plan and budget, as prepared by the MASRN Technical Unit and approved by the Project 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 two (2) months 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. Contractual and Regulatory Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall: (i) enter into a Service Agreement ("Service Agreement") with the Service Provider, whose form and substance shall be satisfactory to the Association; (ii) ensure that all Project activities to be undertaken by the Service Provider under the Service Agreement shall be carried out with due diligence and efficiency and in accordance with sound technical, financial, procurement and managerial standards and practices acceptable to the Association; and (iii) exercise its rights and carry out its obligations under the 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.

2. The Service Agreement shall provide that the Service Provider shall, inter alia: (i) ensure efficient overall Project management; (ii) procure services to implement Project components, including to operate the Payment Mechanism; (iii) report to the MASRN Technical Unit on project progress and present payment requests to be then processed by the Fiduciary Agent; (iv) collaborate and support the MASRN Technical Unit in supervision missions; (v) provide the Fiduciary Agent with all financial information required to prepare the financial reports; (vi) support the preparation of a mid-term review and the orderly closing of the project; and (vii) support information and communication campaigns.

F. 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, not later than four (4) months after the Effective Date, adopt the ESMF and RPF, in form and substance satisfactory to the Association, and shall ensure that said ESMF and RPF are consulted upon in advance with affected communities and disclosed in the territory of the Recipient and at the InfoShop.

3. 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. In particular, the Recipient shall 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, 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; and

(b) for each activity under the Project of a type for which the RPF provides that a RAP should be prepared, such RAP, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, and the provision of funds for resettlement compensation, when and if required under said RAP, have been paid, 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.

4. The Recipient shall cause the Fiduciary Agent to ensure that all investments financed under the Project comply with the safeguards screening and mitigation process established in the Safeguards Documents, including: (i) a list of negative characteristics rendering a proposed investment ineligible for support; (ii) an environmental and social assessment screening form to be completed for each investment; (iii) guidelines for land and asset acquisition, entitlements and compensation; (iv) guidelines for the protection of cultural property, including the chance discovery of archaeological artifacts, unrecorded graveyards and burial sites; (v) codes of practice for prevention and mitigation of adverse environmental and social impacts; and (vi) sample environmental and social safeguards procedures to be included in in the technical specifications of contracts.

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 any Safeguard Document 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

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.  Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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.

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 "Disbursement Guidelines for Investment Project Financing" dated February 2017, 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 for the Project, except for Cash Transfers under Part 2 (i)</td>
<td>15,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Cash Transfers to Eligible Beneficiaries under Part 2 of the Project</td>
<td>4,000,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,400,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,700,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawals shall be made:

   (a) for payments made prior to the date of this Agreement;

   (b) under Category (2) until a Preliminary List of beneficiaries of the Cash Transfer Program has been submitted to, and approved by, the Association.

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

Section I. Definitions

1. “Accompanying Measures” means activities to promote community participation in identifying investment priorities, in targeting Beneficiaries under the Cash Transfer Program, and in holding community dialogues.


3. “Beneficiary Registry” means a unified registry containing data on Eligible Beneficiaries.

4. “Cash Transfer Program” means the program to provide regular cash transfers to Eligible Beneficiaries in order to meet immediate consumption needs, in amounts to be calculated according to a formula and parameters established in the PIM, and payment of said cash transfers to be made under an established Payment Mechanism.

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

6. “Eligible Beneficiaries” means households, who are IDPs, hosts of IDP returnees or households in communities affected by displacement, and are eligible to benefit from the Cash Transfer Program, and selected according to selection criteria and processes detailed in the PIM, including community targeting mechanisms combined with a simple survey of household assets.


8. “ESIA” means an Environmental and Social Impact Assessment carried out in accordance with the ESMF.

9. “ESMF” means the Environmental and Social Management Framework adopted pursuant to the ESSAP.

10. “ESMP” means an Environmental and Social Management Plan adopted pursuant to the ESMF.

11. “Fiduciary Agent” means the unit in the Recipient’s Ministry of Transport, which shall have responsibility for all fiduciary matters related to the Project.

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13. "IDP" means internally displaced person.

14. "Infrastructure Activities" means activities aimed at improving access to basic services, to be carried out under Part I of the Project, which shall be identified through a needs assessment and community consultations, selected according to selection criteria and a selection process established in the PIM and implemented in a manner that promotes beneficiary community engagement and which may also generate income.

15. "MASRN" means Ministère des Affaires Sociales et Reconciliation Nationale, the Recipient’s ministry responsible for social affairs and national reconciliation.

16. "MASRN Technical Unit” means the entity within MASRN responsible for Project implementation.


18. “NGOs” means non-governmental organizations.

19. “Operating Costs” means the cost of day to day implementation of Project activities such as electricity, water, internet access, office supplies and excluding salaries.

20. “Payment Mechanism” means the mechanism managed by NGOs selected by the Service Provider according to criteria and procedures stipulated in the PIM, acceptable to the Association, and responsible for distributing cash transfers to Eligible Beneficiaries under the Cash Transfer Program.

21. "Preliminary List" means a list of 1000 beneficiaries of the Cash Transfer Program to include their names, gender, addresses and contact information.

22. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on March 8, 2017 and on behalf of the Recipient on March 24, 2017.

23. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 10, 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.

25. "PIM" means Project Implementation Manual referred to in Section 1.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association.

26. "RPF" means the Resettlement Policy Framework adopted pursuant to the ESSAP.

27. "RAP" means a Resettlement Action Plan adopted pursuant to the RPF.

28. "Safeguards Documents" means collectively, the ESSAP, the ESMF, the RPF, and any ESIAs, ESMPs and RAPs prepared pursuant to the Project.

29. "Service Agreement" means the agreement to be concluded between the Recipient and the Service Provider.

30. "Service Provider" means UNOPS or any other such qualified entity, satisfactory to the Association, to be contracted by the Recipient under a Service Agreement.

31. "Targeted Areas" means Batangafo, Kaga-Bandoro, Bria, Bambari and Bangui, or other such areas where communities are affected by forced displacement as may be identified during Project implementation according to selection criteria and procedures identified in the PIM.

32. "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.


34. "UNOPS" means United Nations Office for Project Services.