Loan Agreement

(Fiscal Consolidation and Inclusive Growth Development Policy Loan)

between

REPUBLIC OF GABON

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 17, 2017
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF GABON ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section 1 of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore 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 — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of one hundred and sixty-eight million seven hundred thousand Euro (EUR 168,700,000), as such amount may be converted from time to time through a Currency Conversion ("Loan").

2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

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

2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.

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

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
(a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and

(b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank 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 BANK

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

4.02. The Additional Event of Acceleration shall be that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness shall be that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister responsible for economy.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministère de l'Economie, de la Prospective et de la Programmation du Développement Durable,
BP 747 Libreville Gabonese Republic; and

(b) the Borrower's Electronic Address is:
Telex: 5409 GO
Facsimile: (241) 77 35 90
6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF GABON

By

[Signature]

Authorized Representative

Name: Imam Ngouabi

Title: Minister of Economy

Date: November 17, 2017

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Olivier Godon

Title: Acting Country Manager

Date: November 17, 2017
SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. **Actions under the Program**

The actions taken by the Borrower under the Program include the following:

1. To reduce the amount of tax expenditures, the Borrower’s minister responsible for economy has: (a) issued regulations (arrêtés), within the framework of the Fight against La Vie Chère Program, which applies: (i) a full exemption of custom duties and taxes to only 42 products from the list of basic goods, (ii) a rate of five percent on 116 additional products from the list of basic goods; and (b) revised the 2017 budget law to specify that (i) all exemptions from taxation on cross-border transactions require authorization in the budget law and must be accompanied by estimates of revenue forgone; and (ii) discretionary administrative exemptions have been suppressed.

2. To stabilize the wage bill in the short-term, the Borrower’s prime minister has issued a circular to all its ministries prohibiting all recruitments across administrations, including agencies, departments and state-owned enterprises, for a period of twelve (12) months, excepting only its ministries responsible for health, national education, and defense for which hiring will be on a case-by-case basis.

3. To improve the efficiency of procurement practices, the Borrower’s council of ministers has adopted a Draft Law on Public Procurement in line with its PFM framework, which *inter alia* clarifies stakeholders’ responsibilities and better enforces the provisions on the use of single sourcing.

4. In order to streamline business registration and spur business creation, the Borrower’s minister responsible for investment promotion has issued a regulation (arrêté) establishing a one-stop shop for business registration under its national agency responsible for investment promotion and said one-stop shop has been staffed by transfer of representatives of its national agencies responsible for investment promotion, enterprise and collateral registry, and tax administration to said one-stop shop.

5. In order to strengthen information, communication and technology services, the Borrower’s council of ministers has adopted: (a) the Draft Law on the Regulation of Electronic Communications and (b) the Draft Law on Electronic Transactions, stipulating provisions for a more competitive ICT sector and a more secured electronic transactions.

6. In order to prioritize primary healthcare and make its delivery more efficient, the Borrower’s minister responsible for health has issued a regulation (arrêté) specifying the key design characteristics of the performance-based financing (PBF) reform to be applied in Selected Health Regions.

7. To ensure that PBF is effective, the Borrower’s minister responsible for budget has issued a regulation (arrêté) that establishes a dedicated PBF account for annual allocations and provides greater financial autonomy to health service providers (*sanitaires structures*).
8. To make social protection services better targeted and more streamlined, Borrower’s council of ministers has adopted: (a) a draft law to change the operational definition of poor Gabonese (GEF) taking into consideration, \textit{inter alia}, household composition and the poverty line; and (b) a decree simplifying the social security and welfare system, including the specification of the priority target groups for monetary transfers and fee exemptions as well as the amounts and terms of transfers and exemptions.

9. In order to increase the financial autonomy and accountability for the delivery of safety nets and non-contributory health insurance, the Borrower’s: (a) minister responsible for social development has signed, with CNAMGS, an annual performance contract specifying objectives in terms of results and resources; and (b) parliament has introduced a Special Solidarity Contribution (SSC) to finance the health insurance for the GEF.

Section II. \textbf{Availability of Loan Proceeds}

A. \textbf{General.} The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. \textbf{Allocation of Loan Amounts.} The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Tranche Allocated (expressed in Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>168,278,250</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>421,750</td>
</tr>
<tr>
<td>(3) Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>168,700,000</td>
</tr>
</tbody>
</table>

C. \textbf{Withdrawal Tranche Release Conditions.}

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

1. The Borrower shall open a Deposit Account, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain the following two deposit accounts on terms and conditions satisfactory to the Bank:
   (a) a deposit account in Euro ("Foreign Currency Deposit Account"); and
   (b) a deposit account in XAF ("Local Currency Deposit Account").

2. All withdrawals from the Loan Account shall be deposited by the Bank into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Loan into the Foreign Currency Deposit Account, the Borrower shall deposit an equivalent amount into the Local Currency Deposit Account. All amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for Eligible Expenditures.

E. Audit. Upon the Bank's request, the Borrower shall:

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

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

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

F. Closing Date. The Closing Date is October 31, 2018.
SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>Beginning April 15, 2023 through April 15, 2037</td>
<td>3.33%</td>
</tr>
<tr>
<td>On October 15, 2037</td>
<td>3.43%</td>
</tr>
</tbody>
</table>

1 The determination of the principal amounts of the Loan repayable on each Principal Payment Date is made in accordance with Section 3.03 of the General Conditions.
APPENDIX

Section I. Definitions

1. “CNAMGS” means *Caisse nationale d’assurance maladie et de garantie sociale*, the Borrower’s national fund for health insurance and social warranty.


6. “Fight against La Vie Chère Program” means the program established and operationalized pursuant to the Borrower’s *Arrêté n. 0243/MEEDD/SG/DGCC du 23 avril 2013 soumettant les produits importés de consommation courante aux régimes de blocage et de liberté contrôlée de prix* and *Arrêté n. 000757/MEPIP/SG du 24 octobre 2014 portant création, attributions, et organisation de la cellule d’Analyse et de prospective sur la vie chère*.

7. “Foreign Currency Deposit Account” means the account referred to in Part E.1(a) of Section II of Schedule 1 to this Agreement.


10. “Local Currency Deposit Account” means the account referred to in Part E.1(b) of Section II of Schedule 1 to this Agreement.

11. “PFM” means public finance management.

12. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated September 19, 2017 from the Borrower to the Bank declaring the
Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank 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.

13. “Selected Health Regions” means the Borrower’s west, central, south central and south health regions and two health departments (Libreville 1 and Libreville 2) within the Borrower’s Libreville-Owendo health region.

14. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

15. “Single Withdrawal Tranche” means the amount of the Loan 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.

16. “Special Solidarity Contribution” or “SSC” means the contribution referred to in the Borrower’s Journal Officiel de la République Gabonaise, 9 janvier 2017- N.331 Bis Spécial.

17. “XAF” means the local currency of the Borrower.