Financing Agreement

(Fifth Economic Recovery and Governance Credit)

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 15 JUIN 2012, 2012
FINANCING AGREEMENT

Agreement dated 15 JUIN 2012, entered into between REPUBLIC OF TOGO ("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 (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement, and (b) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 credit in an amount equivalent to nine million one hundred thousand Special Drawing Rights (SDR 9,100,000) (variously, "Credit" and "Financing").

2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 1 and September 1 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.

2.07. The Payment Currency is the Dollar.
ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end:

(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, 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 Condition of Effectiveness consists 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 date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister at the time responsible for finance.

6.02. The Recipient's Address is:

Ministry of Economy and Finance
Immeuble CASEF
B.P. 387
Lomé
Togo

Facsimile:
228 2221 0905

6.03. The Association's Address is:

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

Cable address: Telex: Facsimile:
INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.
AGREED at [Lomé, Togo] as of the day and year first above written.

REPUBLIC OF TOGO

By

Authorized Representative

Name: Adji Oteh Amadou

Title: ___________________________

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: __________________________

Title: __________________________
SCHEDULE I

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

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

1. The Recipient has published on its website, the Budgets for the Fiscal Years 2009, 2010, 2011 and 2012, and has furnished, on the same website, an email address through which an excel version of any of said Budgets can be requested by the public.

2. Each of the State Finance Inspectorate and the General Finance Inspectorate has adopted an appropriate risk-based approach to the selection of public entities to be inspected by it.

3. The Court of Accounts has furnished to the Recipient’s parliament its report on the execution of the Budget for the Fiscal Year 2007.

4. The Procurement Regulatory Authority has prepared standardized bidding documents acceptable to the Association for the procurement of supplies, works and consultants.

5. The Procurement Regulatory Authority has, to assess their conformity with the Recipient’s procurement laws, undertaken audits of procurement contracts issued during the respective fiscal year 2010 by: (a) the Recipient’s ministries responsible for (i) health, (ii) agriculture, (iii) education, (iv) public works, and (v) water and sanitation; (b) seven state-owned companies, namely Togotélécom, NSCT, LONATO, CEET, TdE, SALT and PAL; and (c) the city of Lomé.

6. NSCT has furnished to FNGPC a table for the 2010/2011 Production Season, presenting an accurate breakdown of its cost of producing cotton, in conformity with its financial statements.

7. The board of directors of CEET has appointed a general manager of the said company based on an open competitive selection process and has signed a performance management contract with said manager.

8. The Recipient’s Council of Ministers has adopted an updated telecommunications strategy designed to develop a competitive information and communications technology market.

9. The Privatization Commission has invited pre-qualified applicants to bid on the purchase of four state-owned banks, namely BIA-T, BTCI, BTD and UTB.
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. The allocation of the amount 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>Single Withdrawal Tranche</td>
<td>9,100,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,100,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions. 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. Deposits of Financing Amounts. Except as the Association may otherwise agree:

1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and

2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient’s budget management system, in a manner acceptable to the Association.

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

1. have the account referred to in Part D.1 of this Section II audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, such audit to cover the accounting of the amount referred to in Part D.2 of this Section II;

2. furnish to the Association as soon as available, but in any case not later than six 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 said account and audit as the Association shall reasonably request.
F. **Excluded Expenditures.** The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

G. **Closing Date.** The Closing Date is December 31, 2012.
**SCHEDULE 2**

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 1 and September 1:</td>
<td></td>
</tr>
<tr>
<td>commencing September 1, 2022 to and including March 1, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing September 1, 2032 to and including March 1, 2052</td>
<td>2%</td>
</tr>
</tbody>
</table>

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.*
APPENDIX

Section I. Definitions

1. "BIA-T" means the Recipient's state-owned bank known as "Banque Internationale pour l'Afrique au Togo", established and operating under the laws of the Recipient.

2. "BTCI" means the Recipient's state-owned bank known as "Banque Togolaise pour le Commerce et l'Industrie", established and operating under the laws of the Recipient.

3. "BTD" means the Recipient's state-owned bank known as "Banque Togolaise de Développement", established and operating under the laws of the Recipient.

4. "Budget" means the Recipient's budget for a certain Fiscal Year, as reflected in a finance act adopted by the Recipient's parliament for that Fiscal Year.

5. "CEET" means the Recipient's state-owned power company known as "Compagnie Energie Electrique du Togo", established and operating under the laws of the Recipient.

6. "Court of Accounts" means the Recipient's court known as "Cour des Comptes", established and operating under the laws of the Recipient.

7. "Excluded Expenditure" means any expenditure:

   (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;

   (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:
<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

8. “Fiscal Year” means the Recipient’s fiscal year, which commences on January 1 and ends on December 31 of the same year. “Fiscal Years” means more than one such Fiscal Year.
9. "FNGPC" means the national federation of cotton producers, known as "Fédération Nationale des Groupements des Producteurs de Coton", established and operating under the laws of the Recipient.

10. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010 with the modifications set forth in Section II of this Appendix.

11. "General Finance Inspectorate" means the Recipient's general finance inspectorate known as "Inspection Générale des Finances", established and operating under the laws of the Recipient.

12. "LONATO" means the Recipient’s state-owned company responsible for lotteries, known as "Loterie Nationale Togolaise", established and operating under the laws of the Recipient.

13. "NSCT" means the Recipient’s state-owned cotton company known as "Nouvelle Société Cottonnière du Togo", established and operating under the laws of the Recipient.

14. "PAL" means the Recipient’s state-owned company responsible for the port of Lomé known as "Port Autonome de Lomé", established and operating under the laws of the Recipient.

15. "Privatization Commission" means the Recipient’s privatization commission known as "Commission de Privatisation", established and operating under the laws of the Recipient.

16. "Procurement Regulatory Authority" means the Recipient’s procurement regulatory authority, known as "l'Autorité de Régulation des Marchés Publics", established and operating under the laws of the Recipient.

17. "Production Season" means the Recipient’s cotton production and commercialization season, starting approximately in April and ending approximately in March of the following calendar year.

18. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated April 12, 2012 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.

19. "SALT" means the Recipient’s state-owned company responsible for Lomé Tokoin airport, known as "Société Aéroportuaire de Lomé Tokoin", established and operating under the laws of the Recipient.

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. "SNPT" means the Recipient's state-owned phosphate company known as "Société Nouvelle des Phosphates de Togo", established and operating under the laws of the Recipient.

22. "State Finance Inspectorate" means the Recipient's state finance inspectorate, known as "Inspection Générale de État", established and operating under the laws of the Recipient.

23. "TdE" means the Recipient's state-owned water company known as "Togolaise des Eaux", established and operating under the laws of the Recipient.

24. "UTB" means the Recipient's state-owned bank known as "Union Togolaise de Banque", established and operating under the laws of the Recipient.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.

2. Sections 2.04 (Designated Accounts) and 2.05 (Eligible Expenditures) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Sections 4.01 (Project Execution Generally), and 4.09 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.

4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to Use of Goods, Works and Services) is deleted in its entirety.

5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

   "Section 4.06. Plans; Documents; Records

   ... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association's representatives to examine such records."

6. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

   "Section 4.07. Program Monitoring and Evaluation

   ... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association"
of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing."

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The definition of the term "Eligible Expenditure" is modified to read as follows:

"'Eligible Expenditure' means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement."

(b) The term "Financial Statements" and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term "Project" is modified to read "Program" and its definition is modified to read as follows:

"'Program' means the program referred to in the Financing Agreement in support of which the Financing is made." All references to "Project" throughout these General Conditions are deemed to be references to "Program".