

OFFICIAL DOCUMENTS

CREDIT NUMBER IDA 6154 - NE
GRANT NUMBER IDA D248 - NE

Financing Agreement

(Fostering Rural Growth Reform Development Policy Financing)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER IDA 6154 -NE
GRANT NUMBER IDA D248 -NE

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF NIGER ("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 of Schedule I to this Agreement; and (ii) 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) 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 and a credit, both deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement (collectively, "Financing") in the following amounts:
 - (a) an amount equivalent to forty-two million five hundred thousand Special Drawing Rights (SDR 42,500,000) ("Grant"); and
 - (b) an amount equivalent to fifty million eight hundred thousand Euro (EUR 50,800,000) ("Credit").
- 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 Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.04. The Payment Dates are April 15 and October 15 in each year.

- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.06. The Payment Currency is Euro.
- 2.07. 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.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

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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 in charge of planning.
- 6.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:
Ministère du Plan
B.P. 862
Niamey
Republic of Niger
 - (b) the Recipient's Electronic Address is:

Facsimile:

+227 20 72 53 22 or +227 20 72 40 20
- 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

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AGREED as of the Signature Date.

REPUBLIC OF NIGER

By



Authorized Representative

Name: Mrs. Kané Aïchatou Boulama

Title: Minister of Planning

Date: 06-12-17

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Siaka BAKAYOKO

Title: Country Manager

Date: 06-12-17

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

1. To increase access to agricultural inputs, the Recipient, through the Ministry of Agriculture, has: (a) finalized an e-voucher distribution mechanism for agricultural input subsidies; and (b) implemented a pilot program for such mechanism in four communes.
2. To increase the outreach in extension services, the Recipient has signed a performance contract with the Recipient's Agriculture Chambers Network ("RECA") for the implementation of an e-extension system.
3. To deepen financial inclusion in rural areas, the Recipient, through the Council of Ministers, has adopted Ordinance No. 2017-05 on Leasing Law for SMEs aimed at deepening financial inclusion in rural areas, and has submitted said draft law to its Parliament.
4. To strengthen the linkages between the extractive industry and the local economy, the Recipient, through the Council of Ministers, has adopted Ordinance No. 2017-03 on the draft revised Mining Law including new provisions to formalize artisanal mining, and has submitted said draft revised law to its Parliament.
5. To promote rural access to internet and mobile services, the Recipient has adopted: (a) Decree No. 2017-621 on the creation of ANSI in charge of the implementation of the Recipient's Universal Service Fund Strategy; and (b) Decree No. 2017-657 on the nomination of the ANSI's general director.
6. To incentivize the development of the ICT sector the Recipient, through the Ministry of Finance, has adopted the 2017 financial year Budget Law No. 2017-61 of June 13, 2017: (a) reducing the tax on incoming international interconnection tariff ("TATTIE"); and (b) abolishing the flat tax on SIM cards ("TURTEL").
7. To implement the first electricity tariff adjustment, the Recipient, through the Ministry of Energy, has adopted Decree No. 2017-796 adopting: (a) an electricity tariff methodology based on a cost-coverage approach; and (b) a multi-annual electricity tariff adjustment.
8. To stabilize NIGELEC, the Recipient, through the Ministry of Finance, has issued Letter No. 1310/MF/DGOF/R/DEP/PE approving NIGELEC's financing plan to stabilize its debt to equity structure.

9. To increase tax revenue, the Recipient has adopted a draft Finance Law 2018 including measures to: (a) rationalize tax expenditures of the Investment Code; and (b) harmonize VAT exemptions with the WAEMU norms, and has submitted said draft Finance Law 2018 to Parliament.

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 amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Credit Allocated (expressed in EUR)	Amount of the Grant Allocated (expressed in SDR)
Single Withdrawal Tranche	50,800,000	42,500,000
TOTAL AMOUNT	50,800,000	42,500,000

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. Deposit of Financing Amounts

1. 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 deposit accounts on terms and conditions satisfactory to the Association:
- (a) a deposit account in Euro ("Foreign Currency Deposit Account"); and
 - (b) a deposit account in the Recipient's currency ("Local Currency Deposit Account").
2. All withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Financing into the Foreign Currency Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account. All

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amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for the Program.

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

1. have the Deposit 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 months after the end of the Recipient's fiscal year, 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 Deposit Accounts and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2018.

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SCHEDULE 3

Repayment Schedule for the Credit

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each April 15, and October 15, commencing April 15, 2024, to and including October 15, 2055	1.5625%

* 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 3.05 (b) of the General Conditions.



APPENDIX

Section I. Definitions

1. "ANSI" means the Recipient's *"Agence Nationale pour la Société de l'Information"*.
2. "Basis Adjustment to the Service Charge" means the Association's standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. "Deposit Accounts" means both the Foreign Currency Deposit Account and the Local Currency Deposit Account."
4. "Foreign Currency Deposit Account" means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
5. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Development Policy Financing", dated July 14, 2017.
6. "ICT" means information and communications technology.
7. "Investment Code" means *"Code des Investissements"*, Law number 2014-09 of April 16, 2014.
8. "Local Currency Deposit Account" means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
9. "NIGEELEC" means the *Société Nigérienne d'Electricité*, established and operating pursuant to its By-laws dated September 8, 1968, as amended from time to time.
10. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 25, 2017, 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.
11. "RECA" means the Recipient's Agriculture Chambers Network.

12. "Recipient's currency" means the West African CFA franc.
13. "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.
14. "SIM" means subscriber identification module.
15. "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 I to this Agreement.
16. "SME" means Small and Medium Enterprise.
17. "TATTIE" means *Taxe sur la Terminaison du Trafic International Entrant*, the Recipient's tax on incoming international interconnection tariff.
18. "TURTEL" means *Taxe sur l'utilisation des Réseaux de Télécommunications*, the Recipient's flat tax on SIM cards.
19. "USF" means the Recipient's Universal Service Fund established pursuant Ordinance No. 099/045 of 26 October 1999, on the regulation of telecommunications.
20. "VAT" means Value-Added Tax.
21. "WAEMU" means West African Economic and Monetary Union.

