



CREDIT NUMBER 5725-CI

Financing Agreement

(Third Poverty Reduction Support Credit)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 20 OCT 2015, 2015

CREDIT NUMBER 5725-CI

FINANCING AGREEMENT

Agreement dated 20 OCT 2015, 2015, entered into between REPUBLIC OF COTE D'IVOIRE ("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 of eighty-nine million five hundred thousand Euro (EUR 89,500,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment; and (b) three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment; and (b) zero percent (0%) per annum.
- 2.06. The Payment Dates are March 1 and September 1 in each year.

- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.08. The Payment Currency is Euro.

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 Events of Suspension consist of the following:
- (a) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
 - (b) An action has been taken or a policy has been adopted to reverse any action or policy under the Program, including any action listed under Section I of Schedule 1 to this Agreement, in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Program.

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 under the Prime Minister in charge of Economy and Finance, or his or her successor.
- 6.02. The Recipient's Address is:

Ministère de l'Economie et des Finances
B.P. V. 163
Abidjan
République de Côte d'Ivoire

Facsimile:
225-20-30-25-25
225-20-30-25-28

- 6.03. The Association's Address is:

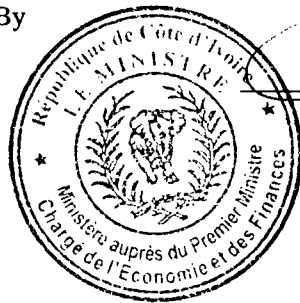
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:
1-202-477-6391

AGREED at *Abidjan, Côte d'Ivoire*, as of the day, month and year first above written.

REPUBLIC OF CÔTE D'IVOIRE

By



Authorized Representative

Name: Nialé KABA

Title: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Ousmane Diagana

Title: Country Director

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions Taken Under the Program

- A. The actions taken under the Program include the following:
1. The High Authority for Good Governance has implemented the first phase of the assets declaration provisions in the Anticorruption Law and has provided a schedule to complete the remaining phases.
 2. The Recipient has implemented the following measures under its strategic framework for Public Financial Management (PFM) reform: (i) selection of shortlisted companies to undertake the national public procurement audit report for 2014; (ii) establishment of a monitoring and evaluation unit for public procurement by a Ministerial Order (*No. 465/MPMB/DGBF/DMP du 23 juin 2015*); and (iii) deployment of an integrated financial management information system (IFMIS) for local governments in at least ten localities.
 3. The Recipient has completed computerization of the commercial courts of Abidjan.
 4. The Recipient has issued a Decree (*No. 2015-195 du 24 mars 2015*) simplifying the procedures for obtaining construction permits, including for purposes of reducing the time required to obtain such permits.
 5. The Recipient has issued a Decree (*No. 2015-22 du 14 janvier 2015*) that simplifies the procedures for occupying industrial land.
 6. The Recipient's Ministry of Agriculture and Ministry of Economic Infrastructure have adopted a strategy for maintaining rural roads, namely the *Stratégie Nationale d'Entretien et de Développement du Réseau de Routes Rurales* dated May 2015.
 7. The Recipient's Ministry of Agriculture has endorsed an action plan to assist professional associations and cooperatives (*sociétés coopératives*) in complying with the relevant uniform act of OHADA (*acte uniforme relative au droit des sociétés coopératives adopté le 15 décembre 2010*).
 8. The Recipient has implemented recommendations contained in the audit report of September 2014 to improve the PVAM in the cocoa sector, as confirmed by an external review commissioned by the *Conseil du Café-Cacao* and communicated in June 2015.
 9. The Recipient has adopted measures to promote cashew processing, including: (i) adoption by the Recipient's Council of Ministers on April 22, 2015, and subsequent submission to the Recipient's Parliament on May 5, 2015, of a draft law regulating

the warehousing receipt system, including providing guaranteed access to credit from commercial banks; and (ii) the establishment of a separate window dedicated to cashews as part of the National Fund.

10. The Recipient's Minister in charge of Economy and Finance, Minister in charge of the Budget and Minister in charge of Petroleum and Energy have entered into an agreement with the *Société des Energies de Côte d'Ivoire*, the *Société Ivoirienne de Raffinage* and the *Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire* for clearing all remaining cross-arrears in the energy sector.
11. The Recipient has issued an Interministerial Order (*No. 325/MPE/MPMEF/MPMB du 26 juin 2015*) implementing a progressive rate structure for tariffs in the electricity sector as of July 1, 2015.

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 Financing Allocated (expressed in Euro)
(1) Single Withdrawal Tranche	89,500,000
TOTAL AMOUNT	89,500,000

- C. **Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied with: (a) the Program being carried out by the Recipient, and (b) 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. 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.

F. Closing Date. The Closing Date is June 30, 2016.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1, commencing March 1, 2021 to and including September 1, 2030	1.65%
On each March 1 and September 1, commencing March 1, 2031 to and including September 1, 2040	3.35%

* 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. “Anticorruption Law” means the Recipient’s Law No. 2013-875 of December 23, 2013 on preventing and combatting corruption and similar infractions (*Loi relative à la prévention et à la lutte contre la corruption et les infractions assimilées*).
2. “Basis Adjustment” means the Association’s standard basis adjustment 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. “Decree” (*décret*) means a legal act under the Recipient’s Constitution with general or specific effect taken by the Recipient’s President exercising executive power under the Recipient’s constitution.
4. “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:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.4	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (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.
5. "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.
 6. "High Authority for Good Governance" means the Recipient's Authority established in 2013 pursuant to Law No. 2013-876 dated December 23, 2013.

7. “Interministerial Order” (*arrêté interministériel*) means a legal act under the Recipient’s Constitution with general or specific effect taken by several ministers of the Recipient’s Cabinet, acting jointly, each in their own capacity.
8. “Ministry of Agriculture” and “MINAGRI” each means the Recipient’s ministry in charge of agriculture.
9. “Ministerial Order” (*arrêté ministériel*) means a legal act under the Recipient’s Constitution with general or specific effect taken by a minister of the Recipient’s Cabinet, acting individually in his or her own capacity.
10. “National Fund” means the national fund managed by the Banque Nationale d’Investissement called the *Fonds de Restructuration et de Mise à Niveau des Entreprises Industrielles (FREMIN)*.
11. “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 August 3, 2015 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.
12. “PVAM” (*Programme de Ventes Anticipées à la Moyenne*) means a forward sales mechanism.
13. “OHADA” (*Organisation pour l’Harmonisation en Afrique du Droits des Affaires*) means the Organization for the Harmonization of Business Law in Africa created by international treaty on October 17, 1993, as amended October 17, 2008.
14. “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.

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 subsequent Sections in Article II are renumbered accordingly.
3. “Section 3.02. *Service Charge and Interest Charge*
 - (a) *Service Charge*. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement.

The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

4. 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.

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

6. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 4 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.”

7. Paragraph (c) of Section 4.07 (renumbered as such pursuant to paragraph 4 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.”

8. 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 “Financing Payment” is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

- (d) A new term called “Interest Charge” is added to read as follows:

“‘Interest Charge’ means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

- (e) The term “Payment Date” is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

- (f) 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”.

- (g) The term “Service Charge” is modified by replacing the reference to Section 3.02 with Section 3.02(a).