

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER IDA 61550-CI

## **Financing Agreement**

(Second Fiscal Management, Education, Energy and Cocoa Reforms Development  
Policy Financing)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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**CREDIT NUMBER IDA 61550-CI**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date 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: (i) 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 (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 credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount of one hundred five million and nine hundred thousand Euros (EUR 105,900,000) (variously "Credit" and "Financing").
- 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plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum, on the Withdrawn Credit Balance.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 Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum, on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are 15 June and 15 December in each year.

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

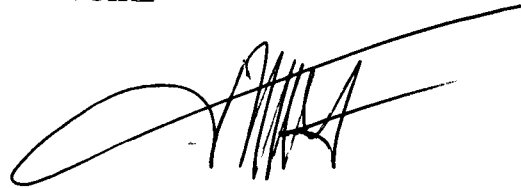
### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

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

AGREED as of the Signature Date.

**REPUBLIC OF COTE D'IVOIRE**

By



Authorized Representative

Name: **Adama KONATE**

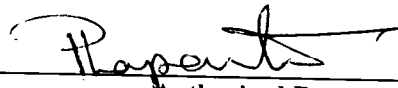
Title: \_\_\_\_\_

Date: **07 DEC. 2017**



**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By



Authorized Representative

Name: **Piene Laporte**

Title: **Country Director**

Date: **07 DEC. 2017**

**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 Signature Date.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister in charge of Economy and Finance, or his or her successor.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Ministry of Economy and Finance  
Avenue Marchand Rue Lecoeur  
Immeuble SCIAM  
BP V 163 Abidjan  
Cote d'Ivoire; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
225 20 30 25 28	<a href="mailto:c.infomef@finances.gov.ci">c.infomef@finances.gov.ci</a>

- 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:	E-mail:
248423 (MCI)	1-202-477-6391	: <a href="mailto:bureaududirecteur@worldbank.org">bureaududirecteur@worldbank.org</a>

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:
1. The Recipient's Ministry in charge of Budget has implemented a new electronic platform facilitating the filing and payment of taxes.
  2. In line with the WAEMU Regulation n.2/2009/CM/UEMOA, the Recipient has submitted to Parliament for adoption the draft 2018 Budget Law that eliminates VAT exemptions on: (a) equipment and materials necessary for investments and spare material for agro-industrial companies, (b) seeds and grains, (c) investments made by sports associations, and (d) fish freezing operations.
  3. In application of the WAEMU Directive n.04/2005/CM/UEMOA on procedures, execution and regulation of procurement and public service delegation contracts, the Recipient has released a communication by its Council of Ministers and a detailed roll-out report that implements an electronic procurement system that has been piloted in five ministries.
  4. The Recipient's Ministry of National Education has set up an annual national standardized evaluation of learning outcomes at the end of each sub-cycle of primary education and published the first set of national standardized evaluations.
  5. To improve teacher-to-student ratios in underserved regions, the Recipient's Ministry of National Education has established new criteria for the assignment and redeployment of teachers through *Arrêté No 0074/MENET-FP-DRH* dated September 28, 2017.
  6. To improve equity in primary education remediation activities, the Recipient's Minister of National Education has adopted a ministerial order that incorporates Wednesday morning in the official calendar of primary schools and reorganizes the remediation activities provided during the week.
  7. The Recipient's Ministry of Oil, Energy and Development of Renewable Energy, Ministry of Economy and Finance and Ministry in charge of Budget have adopted an interministerial *Arrêté No 476/MPEDER/MEF/SEPMBPE* dated October 10, 2017 defining modalities and procedures for the selection of Independent Power Producers ("IPPs") and determining the price of electricity produced by IPPs, including through a competitive selection process, for projects with installed capacities greater than 1 MW and renewable energy projects.

8. In accordance with (a) the protocol for the clearance of the arrears in the electricity sector between CI-Energies, CIE, RTI, CNRA and the District of Abidjan dated October 9, 2017, (b) the communication by the Council of Ministers dated October 10, 2017, (c) the engagement letter to the Association by the Minister of Oil, Energy and Development of Renewable Energy, the Minister of Economy and Finance and the State Secretary in charge of the Budget dated October 14, 2017 and (d) the Memorandum between CI-Energies, CIE and the State Secretary in charge of the Budget dated October 24, 2017, the Recipient has taken the following actions aimed at reducing the amount of unpaid electricity bills:
  - (i) committed to eliminate all unpaid electricity bills accumulated by the central administration up to December 2016 by the end of April 2018;
  - (ii) paid all the validated electricity bills of the central administration from January to June 2017 and committed to pay all its future validated bills in full and on time from July 2017 onwards;
  - (iii) agreed (A) with the District of Abidjan, for its unpaid electricity bills covering the period until December 2017, to clear the arrears through securitization and committed to the payment of all its electricity bills related to public lighting from 2018 onwards; (B) with CNRA for its respective unpaid electricity bills covering the period until December 2016 to clear the arrears through securitization; and (C) with RTI to pay 920,893,208 FCFA regarding its arrears up to December 2016 through securitization; and
  - (iv) ensured that SPDC, RTI and SOTRA signed respective agreements with CIE in which these state-owned enterprises commit to pay their unpaid electricity bills accumulated up to June 2017 and commit to the payment of their future bills in full and on time.
9. In conformity with *Décret No 2012-765* of August 1, 2012, related to the Reserve Fund for the Coffee-Cacao sub-sector, the Recipient has launched an independent institutional, technical and financial audit of the *Programme de Ventés Anticipées à la Moyenne* ("PVAM") and of the reserve fund.
10. The Recipient's Ministry of Agriculture, Ministry of Economy and Finance and Ministry in charge of Budget has adopted an interministerial *Arreté No 475/MEF/MINADER/SEPMBPE* dated October 9, 2017 to institute a systematic independent audit, six months after the end of the harvest season, in September. The auditor will be chosen by the Minister of Finance, following an independent and competitive tender for three years, renewable once. The audits will focus on: (a) marketing; (b) stabilization accounts, which harmonize the guaranteed export prices; (c) the technical reserve fund held at the West African States Central Bank ("BCEAO"); and (d) other funds in the coffee-cocoa sector managed by CCC The

PVAM and the technical reserve fund will be subject to an annual audit. The other elements will be audited at least twice over the three-year period, with the first audit carried out in 2018.

**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.**

Allocations

The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Financing Allocated (expressed in EUR)</b>
(1) Single Withdrawal Tranche	105,900,000
TOTAL AMOUNT	105,900,000

1. Audit

If the Association so requests, the Recipient shall:

- (a) have the account referred to in Section 2.03 of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
- (b) furnish to the Association as soon as available, but in any case, not later than six (6) months after the date of the Association's request for such audit, a report of such scope and in such detail as the Association shall reasonably request; and
- (c) furnish to the Association any other information concerning such account and its audit as the Association shall reasonably request.



**C. Withdrawal Tranche Release Conditions.**

1. 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. Closing Date.** The Closing Date is June 30, 2020.

**SCHEDULE 2**  
**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage) *</b>
On each 15 June and 15 December:	
commencing 15 December 2022 to and including 15 June 2042	<b>1.65%</b>
commencing 15 December 2042 to and including 15 June 2047	<b>3.40%</b>

\* 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

### Definitions

1. “*Arrêté*” 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.
2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest 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. “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.
4. “CCC” means *Conseil du Café-Cacao*, the Ivorian council for regulation and development of the coffee and cocoa sector, established by ordinance No 2011-481 dated December 28, 2011.
5. “CI-Energies” means *la Société des Energies de Côte d’Ivoire*, a state-owned company with a share capital of 20,000,000,000 FCFA, established under the laws of Cote d’Ivoire and registered under number CI-ABJ-2012-B-9182 with the Trade and Property Credit Registry.
6. “CIE” means *Compagnie Ivoirienne d’Electricité*, the Ivoirian electricity company (*société anonyme*) with a share capital of 14,000,000,000 FCFA, established under the laws of Cote d’Ivoire and registered under number CI-ABJ-1990-B-149296 with the Trade and Property Credit Registry.
7. “CNRA” means *Centre National de Recherche Agronome*, the national research center in agronomy, a company (*société anonyme*), with a share capital of 500,000,000 CFA, established under the laws of Cote d’Ivoire.
8. “*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.
9. “District of Abidjan” means a territorial entity of Cote d’Ivoire having the legal capacity and financial autonomy.

10. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated July 14, 2017.
11. “Ministry of Agriculture” means the Recipient’s ministry in charge of Agriculture.
12. “Ministry in charge of Budget” means the Recipient’s ministry in charge of the budget.
13. “Ministry of Finance” means the Recipient’s ministry in charge of the economy and finances.
14. “Ministry of National Education” means the Recipient’s ministry in charge of primary and secondary education.
15. “Ministry of Oil, Energy and Development of Renewable Energy” means the Recipient’s ministry in charge of oil, energy and the development of renewable energy.
16. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 27, 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.
17. “RTI” means *Radiodiffusion Télévision Ivoirienne*, the ivoirien broadcasting and television company (*société d’économie mixte*) with a share capital of 6,000,000,000 FCFA, established under the laws of Cote d’Ivoire.
18. “SOTRA” means *Société des Transports Abidjanais*, the Abidjan transports company, (*société anonyme*) with a share capital of 3,000,000,000 FCFA, established under the laws of Cote d’Ivoire and registered under number CI-ABJ-1962-B-1057 with the Trade and Property Credit Registry.
19. “SPDC” means *Société des Palaces de Cocody*, a State-owned company, with a share capital of 7,140,220,000 FCFA, established under the laws of Cote d’Ivoire and registered under number CI-ABJ-1962-D-1156 with the Trade and Property Credit Registry.
20. “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.

21. **“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.**