

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 6351-CI

Financing Agreement

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

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6351-CI

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF CÔTE 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, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of eighty-six million four hundred thousand Euro (86,400,000 EUR) (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plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.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percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.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 February 15 and August 15 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 I 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 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 Lecocur
Immeuble SCIAM
BP V 163 Abidjan
Côte d'Ivoire; and

(b) the Recipient's Electronic Address is:

Facsimile:

225 20 30 25 28

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

AGREED as of the Signature Date.

REPUBLIC OF COTE D'IVOIRE

By


Authorized Representative

Name: **Adama KONE**

Title: _____

Date: **12 DEC 2018**

INTERNATIONAL DEVELOPMENT ASSOCIATION

By


Authorized Representative

Name: **Pierre Laporte**

Title: **Country Director**

Date: **December 12, 2018**

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions taken under the Program

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

1. To strengthen tax administration, the Recipient has implemented an electronic single taxpayer identification system for enterprises.
2. The Recipient has adopted a new Investment Code on August 1, 2018 by replacing VAT exemptions on imports of equipment goods and materials with a VAT deferred payment system as detailed in *Arrêté* n° 1091 dated October 30, 2018.
3. To strengthen the public procurement system, the Recipient has: (i) renewed the members of the board of the ANRMP; (ii) adopted an *Arrêté* which gives legal force to the contracts awarded by the electronic system; and (iii) extended the electronic system to at least ten (10) ministries.
4. To increase efficiency and equity of the education system, the Recipient's Ministry of National Education passed an *Arrêté* requiring that all new teachers recruited in lower secondary schools must be bivalent teachers.
5. To improve the performance of private secondary schools and fiscal transparency in secondary education, the Recipient has adopted and implemented a ministerial decree that: (i) establishes the criteria, including success rates in national examinations, repetition rates and dropout rates, used by the Ministry of National Education to identify secondary schools eligible for government subsidies; and (ii) establishes the annual publication of the performance of each college as measured by their success rate in national examinations, the repetition and dropout rates.
6. The Recipient: (i) has paid in full the unpaid validated electricity bills accumulated by the central administration as of December 2017 and paid on time all the current validated electricity bills of the central administration; (ii) has paid in full through securitization the unpaid validated electricity bills accumulated by the District of Abidjan covering the period until December 2017 and paid on time all its electricity bills related to public lighting; and (iii) has reduced the level of state-owned enterprises' arrears.
7. The Recipient and CI-ENERGIES have signed a performance-based contract with the objective to improve the financial and commercial performance as well as the transparency of the sector.

8. The Recipient has implemented all main recommendations from the independent 2017 audit of the PVAM and of the Reserve Fund.
9. The Recipient has published the non-sensitive commercially results of the independent 2017 audit of the PVAM and of the Reserve Fund and launched the new series of audits covering marketing, stabilization accounts, technical reserve fund held at BCEAO, and other funds managed by CCC, in line with *Arrêté* N. 475/MEF/MINADER/SEPMBPE.

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 proceeds. 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 EUR)
Single Withdrawal Tranche	86,400,000
TOTAL AMOUNT	86,400,000

C. Audits.

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.

D. 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.

E. Closing Date. The Closing Date is June 30, 2020.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing February 15, 2024 to and including August 15, 2043	1.65%
commencing February 15, 2044 to and including August 15, 2048	3.40%

* 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. "ANRMP" means *Autorité Nationale de Régulation des Marchés Publics*, the Recipient's national authority for the regulation of public procurement.
2. "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.
3. "BCEAO" means *Banque Centrale des Etats de l'Afrique de l'Ouest*, the West African States Central Bank.
4. "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.
5. "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.
6. "CCC" means *Conseil du Café Cacao*, the Recipient's national coffee and cocoa council.
7. "CI-ENERGIES" means *la Société Côte d'Ivoire Energies*, 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.
8. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Development Policy Financing", dated July 14, 2017.
9. "Investment Code" means the code dated August 1, 2018, applicable to all private investments made in the Recipient's territory by an individual or legal entity, except for investments eligible for specific aid schemes established by the general tax code or specific laws.
10. "Ministry of National Education" means the Recipient's ministry in charge of education.

11. "PVAM" means *Programme de Ventes Anticipées à la Moyenne*, the Recipient's marketing system to sell through electronic messaging cocoa and coffee production through forward sale auctions of a percentage of the next year's crop and ensure a guaranteed minimum price to farmers.
12. "Reserve Fund" means the account located at the BCEAO, financed by levies on the exports to support cocoa and coffee marketing system.
13. "Program" means the program of objectives, policies, and actions set forth or referred to in the letter dated October 30, 2018, 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 I to this Agreement, and actions to be taken consistent with the program's objectives.
14. "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.
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. "VAT" means value added tax.