



January 20<sup>th</sup>, 2022

H. E. Félix Moloua  
Minister of State in charge of the Economy, Planning and International Cooperation  
Ministry of Economy, Planning and International Cooperation  
Bangui  
Central African Republic

Re: Central African Republic: Advance Agreement for the Preparation  
of the Proposed Powering Enterprise Growth and Entrepreneurship  
Project  
Project Preparation Advance No. V4130

Excellency:

In response to the request for financial assistance made on behalf of the Central African Republic ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed one million two hundred sixty-five thousand Dollars (\$1,265,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to enhance the growth of businesses by building the capacity of public and private organizations that enable their productivity and development, implementing business environment reforms and helping establish a partial credit guarantee mechanism ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this

Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By P.O. Koro Guitara

Abdoulaye Seck  
Country Director for Central African Republic  
West and Central Africa Region

AGREED:  
CENTRAL AFRICAN REPUBLIC

By [Signature]  
Authorized Representative

Name TEHR MOLOUA

Title Minister of state in charge of the Economy, Planning and International Cooperation

Date January 20<sup>th</sup> 2022



Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, including the Appendix to this Agreement.

**Article II**  
**Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

(A) Technical assistance for the carrying out of: (a) a diagnostic study of CAPMEA and CMCAA to develop a capacity building and institutional strengthening plan; (b) architectural studies for the rehabilitation of a building to house the CAPMEA team, the CMCAA’s office and the Project implementation unit’s building, including drafting of RFPs for construction services; (c) a study to elaborate in detail a public-private dialogue strategy and action plan for relevant reforms; (d) design study to: (i) establish and strengthen mechanisms and processes to allow SMEs to take advantage of market opportunities; (ii) strengthen the capacity of the informal sector to access public tenders; and (iii) establish a list of potential eligible businesses and entrepreneurs; and (e) a study to elaborate the mechanism for selecting interns and matching them with companies for internships, training and management of skills, and professional development.

(B) Carrying out a mapping of, *inter alia*, associations, non-governmental organizations, institutes, vocational and management schools and other professional organizations that support businesses to better define the Project potential beneficiaries.

(C) Technical assistance for the preparation of the Project procedure and implementation manuals.

(D) Technical assistance to: (a) define an organizational structure and processes for the guarantee fund, including: (i) an HR and infrastructure needs assessment; (ii) development of organizational chart with all key governance and control functions; (iii) development of all internal operational procedures; and (iv) development of reporting standards and M&E systems; (b) develop a guarantee fund – banks MOU to regulate the relationship between the guarantee fund and participating financial institutions; and (c) organize a study tours and training activities to strengthen the capacity of other counterparts and participating banks, including SMEs.

(E) Technical assistance for the: (a) preparation, validation and disclosure of the Project safeguards documents; (b) acquisition of software and IT equipment for the Project; and (c) recruitment of the Project implementation team.

2.02. *Execution of the Activities Generally.* The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through an implementation unit (Implementation Unit) in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. *Institutional and Other Arrangements.* Without limitation upon the provisions of Section 2.02 above, the Recipient shall, throughout the Refinancing Date, maintain the Implementation Unit with functions and resources acceptable to the World Bank and with competent staff in adequate numbers with experience and qualifications acceptable to the World Bank to be responsible for the overall implementation of the Activities, including financial management and procurement.

2.04. *Safeguards*

The Recipient shall ensure that the terms of reference for any consultants' services in respect of any activity financed under the Advance shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate all the applicable World Bank Safeguards Policies as applied to the advice conveyed through such technical assistance. Without limitation upon the provision of Section 2.02 above and in order to ensure proper implementation of the Activities in an environmentally and socially responsible manner, the Recipient shall ensure that a proper grievance redressal mechanism sensitive to gender-based violence and sexual exploitation and abuse risks and impacts is developed, disseminated and applicable in Project areas, and ensure communities participation in decision making process as applied to any consultations, information gathering and advice conveyed through such studies, technical assistance and capacity building activities.

2.05. *Environmental and Social Standards*

- (a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the World Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the World Bank. To this end, the Recipient shall ensure that:
  - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
  - (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the World Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall ensure that:
  - (i) all measures necessary are taken to collect, compile, and furnish to the World Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the World Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the World Bank, setting out, *inter alia*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (ii) the World Bank is promptly notified of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the World Bank.

2.06. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.07. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.08. **Procurement.** All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated November 2020 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated December 10, 2021 ("Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III  
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to this Category, and the percentage of expenditures to be financed for Eligible Expenditures in said Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Operating Costs and Training under the Activities	1,265,000	100%
<b>TOTAL AMOUNT</b>	1,265,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. *Refinancing Date.* The Refinancing Date is June 30, 2022.

**Article IV  
Terms of the Advance**

4.01. *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. *No Repayment in the absence of a Refinancing Agreement:* Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article V  
Recipient's Representative; Addresses**

5.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister responsible for planning.

5.02. *Recipient's Address.* The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Economy, Planning and International Cooperation  
Rue Martin Luther King  
B.P. 696, Bangui  
Central African Republic

Facsimile:

+236-21-619689

5.03. *World Bank's Address.* The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or  
64145 (MCI)

1-202-477-6391

## APPENDIX

### Section I. Definitions

1. "CAPMEA" means SME and artisans' business center, *centre d'assistance aux petites et moyennes entreprises et à l'artisanat*.
2. "CMCAA" means the mixed coordination framework for business improvement, *cadre mixte de concertation pour l'amélioration des affaires*.
3. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Activities, dated December 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Activities, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
4. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the World Bank.
5. "HR" means human resources.
6. "Implementation Unit" means the unit established within the Recipient's ministry in charge of finance and budget pursuant to the Financing Agreement between the Recipient and the Association for the Public Expenditure and Investment Management Reform project, dated September 14, 2017 (Grant D2150-CF).
7. "IT" means information technology.
8. "M&E" means monitoring and evaluations.
9. "MOU" means memorandum of understanding as referred to in Section 2.02 of this Annex.
10. "Operating Costs" means the incremental operating expenditures incurred by the Recipient on account of the implementation of the Activities, management, monitoring and evaluation, including office supplies, vehicles operation and maintenance cost, vehicle rental and fuel costs, maintenance of equipment, communication costs, office rental and



moving expenses, utilities expenses, consumables, printing and publication costs, bank charges, transport and accommodation, *per diem*, and salaries of locally contracted support staff (excluding the salaries of Recipient's civil servants) and other miscellaneous costs directly associated with the implementation of the Activities as shall be agreed with the World Bank.

11. "RPF" means the Resettlement Policy Framework, the document containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to displaced persons to be prepared by the Recipient in the context of the Project.
12. "SME" means the Recipient's small and medium enterprises.
13. "Training" means the training provided under the Activities, including seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence expenditures and other travel-related allowances for training participants such as *per diems* and reasonable accommodation costs, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation, all based on periodic budgets acceptable to the World Bank (but excluding costs of consulting services).