

CONFORMED COPY

**CREDIT NUMBER 48050-CA
GRANT NUMBER H6110-CA**

Financing Agreement

**(Additional Financing for the Emergency Urban Infrastructure Rehabilitation and
Maintenance Project)**

between

CENTRAL AFRICAN REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 9, 2010

FINANCING AGREEMENT

Agreement dated October 9, 2010, entered into between CENTRAL AFRICAN REPUBLIC (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association 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 grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
 - (a) an amount equivalent to ten million eight hundred thousand Special Drawing Rights (SDR 10,800,000) (“Grant”); and
 - (b) an amount equivalent to five million Special Drawing Rights (SDR 5,000,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

- 2.05. The Payment Dates are June 15 and December 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 3 to this Agreement.
- 2.07. The Payment Currency is the Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carryout the technical aspects of Part B of the Project through its Ministry of Urbanism and cause Part A of the Project and the fiduciary aspects of Part B of the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: (a) the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Amended Subsidiary Agreement, in form and substance acceptable to the Association, has been executed on behalf of the Recipient and the Project Implementing Entity, in accordance with Section I.B of Schedule 2 to this Agreement; and
 - (b) the Acknowledgement and Agreement, in form and substance acceptable to the Association, has been executed on behalf of the Project Implementing Entity in accordance with Section VI of Schedule 2 to this Agreement.
- 5.02. The Additional Legal Matter consists of the following:
- (a) the Amended Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms; and
 - (b) the Acknowledgement and Agreement has been duly authorized by the Project Implementing Entity and is legally binding upon the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (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 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister at the time responsible for the management/administration of financing agreements with the Association.

6.02. The Recipient's Address is:

Minister of State for Planning, Economy and International Cooperation
Ministry of Planning, Economy and International Cooperation
Rue Martin Luther King
BP 696, Bangui
Central African Republic

Facsimile:

+ 236-21-619689

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Washington, DC, USA, as of the day and year first above written.

CENTRAL AFRICAN REPUBLIC

By //s// Sylvain Maliko

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Mary Barton-Dock

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in rapidly rehabilitating, restoring, improving and expanding sustainable access to basic infrastructure services to the population of the most deprived districts of Bangui.

The Project consists of the following parts:

Part A: Infrastructure Rehabilitation

- (a) Rehabilitation of the existing water network and water treatment infrastructure in an effort to: (i) reduce water losses and unaccounted-for water; and (ii) increase SODECA's water delivery capacity; such projects include the construction of boreholes and micro-distribution systems; the provision of technical assistance in connection with the implementation of a social connections program as well as materials and equipment therefor; the installation of water kiosks; the purchase of chemical dosage pumps; the rehabilitation of filter hydraulic partition systems; and the installation of pipes.
- (b) (i) Rehabilitation of the existing primary drainage structures (including the Bouagba and the Kokoro collectors), (ii) construction of secondary draining structures, and (iii) the development of a community-based flood preparedness and response program (such program to include: (a) community mobilization and awareness on maintenance of secondary and tertiary drainage ditches, solid waste disposal, responsibilities in flood preparedness and response, and hygiene promotion at the individual and household level, (b) training of health and development workers in disaster preparedness and response, and (c) a community technical assistance program on improved latrine construction as well as flood resilient housing construction methods and materials), all in an effort to reduce the number of people affected by periodic flooding.
- (c) Strengthening of the solid waste management system through: (i) the construction of transfer stations; (ii) the improvement of the layout and design of dumpsites/landfills; (iii) the strengthening of the capacity of the stakeholders in solid waste management; and (iv) the increase in communities' solid waste management awareness.
- (d) Rehabilitation of existing primary and secondary gravel and dirt roads, including the drainage systems along such roads.

Part B: Capacity Building

Strengthening the management and institutional capacities of entities involved in the delivery of urban services (including, SODECA and the municipalities of Bangui and Bimbo) in the areas of, *inter alia*, Project management, monitoring and evaluation through capacity building programs and provision of equipment.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. General Institutional and Implementation Arrangements

The provisions of Sections I.A, I.C and I.E of Schedule 2 to the Original Financing Agreement (including defined terms therein, unless otherwise defined herein) shall apply to this Agreement, *mutatis mutandis*.

B. Amendment to the Subsidiary Agreement

1. To facilitate the carrying out of the Project Implementing Entity's Respective Part of the Project, the Recipient shall amend the Subsidiary Agreement so as to make part of the proceeds of the Financing, on a grant basis, available to the Project Implementing Entity, under terms and conditions which shall have been approved by the Association, and which shall include the amounts of the Financing to be transferred to the Project Implementing Entity ("Amended Subsidiary Agreement").
2. The Recipient shall exercise its rights under the Amended Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provisions thereof.

C. Safeguards

1. The Recipient shall implement the Project, and shall ensure that the Project Implementing Entity implements the Project, in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environmental and Social Management Framework and the Resettlement Policy Framework. In particular, the Recipient shall ensure that:
 - (a) for each activity carried out under the Project for which the Environmental and Social Management Framework requires an Environmental and Social Management Plan, such Environmental and Social Management Plan shall be prepared, adopted and disclosed by the Recipient in accordance with the provisions of the Environmental and Social Management Framework, and such activity shall be implemented

by the Recipient in accordance with such Environmental and Social Management Plan; and

- (b) for each activity under the Project for which the Resettlement Policy Framework requires a Resettlement Action Plan, such Resettlement Action Plan shall be prepared, disclosed and disclosed by the Recipient in accordance with the provisions of the Resettlement Policy Framework, and such activity shall be implemented in accordance with its Resettlement Action Plan.
3. Without prejudice to the Recipient's other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with respect to the Environmental and Social Management Framework and the Resettlement Policy Framework, as well as the Environmental and Social Management Plans, and the Resettlement Action Plans, if any, giving details of:
- (a) measures taken in furtherance of such Environmental and Social Management Framework and Resettlement Policy Framework, as well as Environmental and Social Management Plans and Resettlement Action Plans, if any;
 - (b) conditions, if any, which interfere or threaten to interfere with the implementation of such Environmental and Social Management Framework and Resettlement Policy Framework, as well as Environmental and Social Management Plans, and Resettlement Action Plans, if any; and
 - (c) remedial measures taken or required to be taken to address such conditions.
4. Without prejudice to the Recipient's other obligations under this Section I.C, the Recipient shall complete, in a manner acceptable to the Association, the construction phase of the Kolongo landfill, namely the sealing of such landfill, in accordance with the Kolongo EMP by no later than August 31, 2011.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set

forth in the Project Operation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.
3. Eighteen (18) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months after the beginning of the Mid-term Review, or on such later date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The Recipient shall ensure that the audited Financial Statements for each such period shall be: (a) furnished to the Association not later than six (6) months after

the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines shall apply to goods manufactured in the territory of the Recipient and works to be carried out by domestic contractors.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) <i>National Competitive Bidding</i>
(b) <i>Shopping</i>
(c) <i>Direct Contracting</i>

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) <i>Least Cost Selection</i>
(b) <i>Selection Under a Fixed Budget</i>
(c) <i>Selection Based on Consultant's Qualifications</i>
(d) <i>Single Source Selection</i>
(e) <i>Selection of Individual Consultants</i>

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:

- (a) each contract for works estimated to cost the equivalent of \$3,000,000 or more; each contract for goods estimated to cost the equivalent of \$500,000 or more; and each contract for works or goods procured through Direct Contracting; and
- (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$200,000 or more; each consultant services procured on the basis of single source; each individual consultant services contract estimated to the equivalent of \$100,000 or more and each individual consultant contract procured on the basis of single source.

All other contracts shall be subject to Post Review by the Association.

All training and workshop activities will be carried out on the basis of annual programs (identifying the general framework of the training activities for the year, including: (i) the type of training or workshop; (ii) the personnel to be trained; (iii) the institution which will conduct the training; (iv) the duration of the proposed training; and (v) the outcome and impact of the training submitted annually for the prior approval of the Association.

All terms of reference for the selection of consultants shall be submitted to the Association for prior review.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works and consultants’ services for the Project, including Operating Costs and Training.	5,000,000	10,800,000	100%
TOTAL AMOUNT	5,000,000	10,800,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is July 31, 2014.

Section V. Amendments to Original Financing Agreement

A. The Original Financing Agreement is hereby amended as follows:

1. the closing date specified in paragraph 2 of Section IV of Schedule 2 to the Original Financing Agreement (i.e., July 31, 2012) is deleted and replaced by the Closing Date (i.e., January 31, 2014);
2. Schedule 1 (*Project Description*) of the Original Financing Agreement is deleted in its entirety and replaced by Schedule 1 (*Project Description*) to this Agreement (together with any related definitions included in the Appendix to this Agreement);
3. Section II.A.1 (*Project Reports*) of Schedule 2 to the Original Financing Agreement is deleted in its entirety and replaced by Section II.A.1 (*Project Reports*) of Schedule 2 to this Agreement;
4. Section I.D (*Safeguards*) of Schedule 2 to the Original Financing Agreement is deleted in its entirety and replaced by Section II.C (*Safeguards*) of Schedule 2 to this Agreement; and
5. Section III (*Procurement*) of Schedule 2 to the Original Financing Agreement is deleted in its entirety and replaced by Section III (*Procurement*) of Schedule 2 to this Agreement.

Section VI. Acknowledgement and Agreement of the Project Implementing Entity

The Recipient shall cause the Project Implementing Entity to execute and deliver to the Association the Acknowledgement and Agreement pursuant to which the Project Implementing Entity (A) acknowledges: (i) the terms of Section 3.01 of this Agreement and (ii) that Schedule 1 (*Project Description*) of the Original Financing Agreement is deleted in its entirety and replaced by Schedule 1 (*Project Description*) to this Agreement; and (B) agrees that its obligations under the Project Agreement shall be interpreted accordingly to apply to its Respective Part of the Project as set forth in this Agreement.

Section VII. Access to Information

The Association may disclose the Legal Agreements and any information related to the Legal Agreements in accordance with its policy on access to information, in effect at the time of such disclosure.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15:	
commencing December 15, 2020 to and including June 15, 2030; and	1%
commencing December 15, 2030 to and including June 15, 2050.	2%

* 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. “Acknowledgement and Agreement” means the acknowledgement and agreement, in form of Annex A to this Agreement, to be executed and delivered by the Project Implementing Entity in accordance with Section VI of Schedule 2 to this Agreement.
2. “Amended Subsidiary Agreement” has the meaning given to such term in Section I.B.1 of the Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
7. “Environmental and Social Management Framework” means the Recipient’s document entitled “*Cadre de Gestion Environnementale et Sociale*” and dated December 2007, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures, including monitoring and institution strengthening.
8. “Environmental and Social Management Plan” means the Recipient’s document prepared in accordance with the Environmental and Social Management Framework with respect to an activity, that details: (i) the measures to be taken during the implementation and operation of the activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures.

9. “Kolongo EMP” means the Recipient’s document prepared in accordance with the Environmental and Social Management Framework in connection with the Kolongo landfill activities dated June 22, 2010 which details, *inter alia*,: (i) the measures to be taken during the implementation and operation of the activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures.
10. “Ministry of Urbanism” means the Recipient’s *Ministère de la Reconstruction des Edifices Publics, de l’Urbanisme et du Logement*, which is the Recipient’s ministry in charge, *inter alia*, of urbanism.
11. “Operating Costs” means the reasonable incremental operating expenses, based on annual budgets approved by the Association, incurred by the Project Implementing Entity, on account of operation and maintenance costs of office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, per diem, but excluding the salaries of officials and public servants of the Recipient’s civil service.
12. “Original Financing Agreement” means the financing agreement (Grant No. H 291-CA) dated June 20, 2007 between the Recipient and the Association for an Emergency Urban Infrastructure Rehabilitation and Maintenance Project, as amended to the date of this Agreement.
13. “Original Project” means the Project described in the Original Financing Agreement.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project dated June 28, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “Project Agreement” means the project agreement entered into between the Project Implementing Entity and the Association, dated June 20, 2007 in connection with the Original Financing Agreement; and such Project Agreement also constitutes a “Project Agreement” within the meaning of the General Conditions, for purposes of this Agreement.
17. “Project Implementing Entity” means *Agence d’Exécution des Travaux d’Intérêt Public en Centrafrique (AGETIP Centrafrique)*, an association established in accordance with the Recipient’s law no. 61/233 dated May 27, 1961.

18. “Project Implementing Entity’s Legislation” means the Project Implementing Entity’s constitutive documents entitled “*Statuts de l’Association*”.
19. “Project Operational Manual” means the manual adopted by the Recipient for the implementation of the Project, containing guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the Project, including in the areas of administrative, accounting, financial management, procurement, monitoring and evaluation, coordination, support eligibility, social and environment, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time with the prior agreement of the Association, and such term includes any schedule to the Project Operational Manual.
20. “Resettlement Action Plan” means the Recipient’s document prepared in accordance with the Resettlement Policy Framework with respect to an activity, which, *inter alia*: (i) contains a census survey of displaced persons and valuation of assets, (ii) describes compensation and other resettlement assistance to be provided, consultation to be conducted with displaced people about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation, and (iii) contains a timetable and budget for the implementation of such measures.
21. “Resettlement Policy Framework” means the Recipient’s document to be entitled “*Cadre Politique de Réinstallation*” and dated December 2007, containing guidelines, procedures, timetables and other specifications to ensure that displaced persons as a result of the Project, if any, are (i) informed about their options and rights pertaining to a resettlement, (ii) consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives, (iii) provided prompt and effective compensation at full replacement cost for losses of assets attributable directly to the Project, and (iv) provided adequate support.
22. “SODECA” means *Société des Eaux de Centrafrique*, the Recipient’s state-owned water company.
23. “Subsidiary Agreement” means the subsidiary agreement entered into between the Recipient and the Project Implementing Entity pursuant to Section I.B.1 of the Original Financing Agreement.
24. “Training” means the training of persons involved in Project-supported activities, based on annual work plans and budgets approved by the Association, such term including seminars, workshops, conference and study tours, and costs associated with such activities include travel and subsistence costs for training participants,

costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. 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:

- () The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:
 - “(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:
 - “(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any

project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

FORM OF ACKNOWLEDGEMENT AND AGREEMENT

**AGENCE D'EXÉCUTION DES TRAVAUX D'INTÉRÊT PUBLIC EN
CENTRAFRIQUE (AGETIP CENTRAFRIQUE)**

_____, 2010

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

**Re: Credit No. 48050-CA & Grant No. H6110-CA
(Additional Financing for the Emergency Urban
Infrastructure Rehabilitation and Maintenance Project)
Section VI of Schedule 2 to the Financing Agreement
Acknowledgement and Agreement**

Dear Sirs:

We refer to the Financing Agreement (Financing Agreement) of even date herewith between the Central African Republic (the Recipient) and the International Development Association (Association) providing additional financing for the above-captioned project.

1. Capitalized terms used herein shall have the meanings ascribed thereto in the Financing Agreement, unless otherwise defined herein.

2. The Project Implementing Entity hereby (A) acknowledges: (i) the terms of Section 3.01 of the Financing Agreement, and (ii) that Schedule 1 (*Project Description*) of the Original Financing Agreement shall be deleted in its entirety and replaced by Schedule 1 (*Project Description*) to the Financing Agreement; and (B) agrees that as of the Effective Date of the Financing Agreement, its obligations under the Project Agreement shall be interpreted accordingly to apply to its Respective Part of the Project as set forth in the Financing Agreement.

3. Please acknowledge the foregoing by having a duly authorized representative of the Recipient sign in the space provided below.

Very truly yours,

AGENCE D'EXÉCUTION
DES TRAVAUX D'INTÉRÊT
PUBLIC EN CENTRAFRIQUE

By: _____
Authorized Representative

ACKNOWLEDGED by the
INTERNATIONAL DEVELOPMENT ASSOCIATION:

By: _____
Authorized Representative