

CONFORMED COPY

GRANT NUMBER H563-CI

Financing Agreement

(Third Economic Governance and Recovery Grant)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 25, 2010

GRANT NUMBER H563-CI**FINANCING AGREEMENT**

AGREEMENT dated May 25, 2010, entered into 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: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of the Schedule to this Agreement, and (b) the Recipient's maintenance of an appropriate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to fifty eight million eight hundred thousand Special Drawing Rights (SDR 58,800,000) ("Financing").
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of the Schedule 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 Payment Dates are March 1 and September 1 in each year.
- 2.05. The Payment Currency is the Euro.

ARTICLE III — PROGRAM

- 3.01 The Recipient declares its commitment to the Program and its implementation. To this end:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program, including any action specified in Section I of the Schedule to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that 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 date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister at the time responsible for finance.

6.02. The Recipient's Address is:

Ministry of Economy and Finance
P. O. Box V-163
Abidjan
Côte d'Ivoire

Cable:	Facsimile:
MINFIN	225-20-30-25-25
Abidjan	225-20-30-25-28

6.03. The Association's Address is:

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

Cable address:	Telex:	Facsimile:
INDEVAS	248423(MCI)	1-202-477-6391
Washington, D.C.		

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

REPUBLIC OF CÔTE D'IVOIRE

By /s/ Charles Koffi Diby

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Madani M. Tall

Authorized Representative

SCHEDULE

Program Actions; Availability of Financing Proceeds

Section I. Actions Under the Program

Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

Public Financial Management

1. The Recipient has, not later than December 31, 2009, approved by way of a Presidential ordinance its FY 2010 budget, and published in the Official Gazette and a major daily newspaper the Recipient's Cabinet's communication on such budget.
2. The Recipient has submitted for verification to the *Chambre des Comptes* the draft budget execution bill (*Loi de Règlements*) for FY 2008.

Energy

3. The Recipient has issued: (a) a decree clarifying SOGEPE's legal status as the electricity sector asset holding company, and (b) another decree transferring title to all state-owned electricity sector assets to SOGEPE.
4. The Recipient has appointed the EITI national administrator, and finalized the EITI FY 2006 report.

Cocoa

5. With effect from the 2009-10 cocoa season, the Recipient has reduced: (a) the registration tax on cocoa from 10 percent to 5 percent of the CIF price, without having increased other taxes and mandatory levies in the cocoa sector, (b) the export tax (*droit unique de sortie*) on cocoa from CFAF 220 per kilogram to CFAF 210 per kilogram, and (c) quasi-fiscal levies on cocoa from CFAF 31.26 per kilogram to CFAF 26.26 per kilogram.
6. The Recipient has completed a preliminary external audit of FIMR's operations and use of resources, as well as final external audits of the bagging, weighing and quality control programs for FY 2007-2008.
7. The Recipient has completed the external financial and organizational audits of FRC, BCC, ARCC and FDPCC, as well as an inventory of their assets and liabilities.

Finance

8. The Recipient has achieved satisfactory progress in the implementation of the Recipient's restructuring plan for the microfinance sector, as evidenced by: (a) the placement of some institutions under enhanced supervision or provisional administration, and (b) the recovery of at least 50 percent of UNACOOPEC-CI's non-performing loans.
9. The Recipient has submitted a revised application for a banking license for CNCE, incorporating the write-off of unrecoverable debt, to the *Commission Bancaire*.

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

Allocation	Amount of the Financing Allocated (expressed in SDR)
Single Withdrawal Tranche	58,800,000
TOTAL AMOUNT	58,800,000

C. Withdrawal Tranche Release Conditions

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (1) with the Program being carried out by the Recipient; and (2) with the appropriateness of the Recipient's macroeconomic policy framework.

D. Deposits of Financing Amounts. Except as the Association may otherwise agree:

1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and

2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

E. Audit. Upon the Association's request, the Recipient shall:

1. have the account referred to in Section II.D.1 of the Schedule to this Agreement audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request; and
3. furnish to the Association such other information concerning such account and its audit as the Association shall reasonably request.

F. Excluded Expenditures. The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

G. Closing Date. The Closing Date is June 30, 2011.

APPENDIX**Section I. Definitions**

1. “ARCC” means *Autorité de Régulation du Café et du Cacao*, the Recipient’s Coffee and Cocoa Regulatory Authority, established and operating pursuant to its Decree No. 2000-751 of February 10, 2000.
2. “BCC” means *Bourse du Café et du Cacao*, the Recipient’s Coffee and Cocoa Exchange, established and operating pursuant to its Decree No. 2001-465 of July 25, 2001.
3. “CFA Franc” or “CFAF” means *Franc de la Communauté Financière de l’Afrique*, the Franc of the Financial Community of Africa, which is the Recipient’s currency.
4. “*Chambre des Comptes*” means the Recipient’s chamber of the Supreme Court established and operating pursuant to the Recipient’s Constitution of November 1960 and Law No. 94-438 of August 16, 1994, and vested with the functions of Office of Auditor General.
5. “CIF” means cost, insurance, and freight.
6. “CNCE” means *Caisse Nationale des Caisses d’Epargne*, the Recipient’s National Savings Fund, established and operating pursuant to Order No. 1184 of December 10, 2009.
7. “*Commission Bancaire*” means the Recipient’s Banking Commission, established and operating pursuant to the West African Economic and Monetary Union (“UEMOA”) Convention Establishing the Banking Commission of April 24, 1990, and responsible for the oversight of banks and other financial institutions operating in the territories of UEMOA countries, including that of the Recipient.
8. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;

- (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
 - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
9. “Extractive Industries Transparency Initiative” or “EITI” means the voluntary global compact, launched in June 2003, aimed at improving transparency and accountability in the extractives sector, and which comprises a coalition of governments, enterprises, civil society groups, investors, and public international organizations.
 10. “FDPCC” means *Fonds de Développement et de Promotion des Activités des Producteurs du Café et du Cacao*, the Recipient’s Coffee and Cocoa Producers’ Activities Development and Promotion Fund, established and operating pursuant to its Decree No. 2001-1512 of August 28, 2001.
 11. “FIMR” means *Fonds d’Investissement en Milieu Rural*, the Recipient’s Rural Investment Fund, established and operating pursuant to its Decree No. 2006-14 of February 24, 2006.
 12. “Fiscal Year” or “FY” means the Recipient’s fiscal year period beginning on January 1 and ending on December 31 of the same year.
 13. “FRC” means *Fonds de Régulation et de Contrôle Café-Cacao*, the Recipient’s Coffee-Cocoa Regulation and Inspection Fund, established and operating pursuant to its Ordinance No. 2001-666 of October 24, 2001.
 14. “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.

15. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty through an improvement in public financial management and control and enhancement of governance, transparency, and efficiency in the energy, cocoa, and financial sectors, and set forth or referred to in the letter dated March 29, 2010, 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.
16. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Section II.B of the Schedule to this Agreement.
17. “SOGPEPE” means *Société de Gestion du Patrimoine du Secteur de l’Electricité*, the Recipient’s Electricity Sector Asset Management Company, established and operating pursuant to its Decree No. 98-727 of December 16, 1998.
18. “UNACOOPEC-CI” means *Union Nationale des Coopératives d’Epargne et de Crédits de Côte d’Ivoire*, the Recipient’s National Union of Savings and Credit Cooperatives of Côte d’Ivoire, established and operating pursuant to the Recipient’s Order No. 1266 of August 4, 1998.

Section II. Modifications to the General Conditions

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

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Section 2.05 (renumbered as such pursuant to paragraph 2 above) is modified to read as follows:

“Section 2.05. *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.”

4. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
5. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
6. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

“Section 4.06. *Plans; Documents; Records*

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association’s representatives to examine such records.”

7. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

“Section 4.07. *Program Monitoring and Evaluation*

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.”

8. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
- (a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement.”
 - (b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.
 - (c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“‘Program’ means the program referred to in the Financing Agreement in support of which the Financing is made.” All references to “Project” throughout these General Conditions are deemed to be references to “Program”.
 - (a) The term “Program Preparation Advance” (renamed as such pursuant to subparagraph 8 (c) above) 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 2.05.”