
LOAN NUMBER 9628-CG

Loan Agreement

(Second Fiscal Management and Inclusive Growth Development Policy Loan)

between

REPUBLIC OF CONGO

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF CONGO (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program, and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of thirty-two million nine hundred thousand Euros (EUR 32,900,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower’s macroeconomic policy framework and the

progress achieved in carrying out the Program and the actions specified in Section I of Schedule 1 to this Agreement;

- (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
- (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 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.
- 4.02. The Additional Event of Acceleration consists of the following; namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework; and
 - (b) The Financing Agreement has been executed and delivered and all conditions precedent to the effectiveness of said agreement (except for the execution and effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.
- 5.03. For purposes of Section 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower 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 Borrower's Representative is its minister in charge of finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:
 - (a) the Borrower's address is:

Ministry of Economy and Finance
Boulevard Denis Sassou Nguesso
B.P.2083
Brazzaville
Republic of Congo ; and

(b) the Borrower's Electronic Address is:

E-mail:
contact@finances.gouv.cg

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF CONGO

By

Jean Baptiste ONDAYE

Authorized Representative

Jean Baptiste ONDAYE

Name: _____

Title: _____ minister of economy and finance

16-Dec-2023

Date: _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Cheick Fantamady Kante

Authorized Representative

Cheick Fantamady Kante

Name: _____

Title: _____ Country Director

16-Dec-2023

Date: _____

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

Pillar I: Strengthening Revenue Mobilization and Public Financial Management

1. To strengthen tax and custom system efficiency and improve compliance, the Borrower, through the Council of Ministers, has adopted the Decree No. 2023-1736 establishing a risk-based approach to carry out tax and customs audits.
2. To strengthen the regulatory framework of the oil sector and increase the share of Borrower revenues from the oil sector, the Borrower, through the Council of Ministers, has adopted: (a) Decree No. 2023-1737, establishing the modalities for the application of the Value Added Tax (VAT) for oil upstream operations; and (b) the implementing Decree No 2023-1738, fixing the modalities for monitoring, control, and audit of upstream activities of the hydrocarbon sector, in application of the Hydrocarbon Code.
3. To strengthen the ability of the Supreme Audit Institution to oversee public resources, the Borrower has: (a) enacted the Supreme Audit Institution Organic Law No. 32-2023; and (b) submitted to the Parliament the draft Bill establishing the High Council of the Supreme Audit Institution, aimed to ensure and maintain the independence of the Supreme Audit Institution.
4. To enhance efficiency in public procurement and public investment and ensure sustainable procurement in compliance with the transition to program budgeting, the Borrower:
 - (a) through the Council of Ministers, has amended the Public Procurement Code to:
 - (i) redefine major works as only infrastructure works, the responsibility for procurement of which is delegated to the General Delegation for Major Works (*Délégation Générale des Grands Travaux, DGGT*) through Decree no. 2023-1732 and Decree no 2023-1735; and (ii) revise the threshold for the delegation of procurement of infrastructure works to DGGT through Decree no 2023-1733 and Decree no 2023-1734; and
 - (b) through the Ministry in charge of budget, has ensured the effective operationalization of the General Directorate of Public Procurement Control (*Direction Générale du Contrôle des Marchés Publics, DGCOMP*), by determining the composition of its technical committee through Ministerial Order no. 12061, and readjusting the compositions of its specialized commissions through Ministerial Order No. 12062; Ministerial Order No. 12063; Ministerial Order No. 12064; and Ministerial Order No. 12065, respectively.

Pillar 2: Improving the Conditions for Inclusive and Sustainable Growth

5. To improve the business environment, streamline inspections and reduce transaction costs for the private sector, the Borrower has adopted the Decree No. 2023-1542 on the

establishment, attributions, and organization of the commission for reforms and businesses inspections, involving all relevant stakeholders including the private sector.

6. To improve budget execution and service delivery in technical education, the Borrower through the Council of Ministers, has established a formula-based resource allocation for TVET schools based on type/number of vocational streams and location (urban vs. rural) and prioritizes budget releases, through Decree No. 2023-1749.
7. To ensure effective implementation of the national safety net program (“NSNP”), the Borrower (a) through the Decree No. 2023-1740, has approved the conceptual document of NSNP defining the policy guidelines and rules (eligibility criteria, enrollment, coverage, targeting, grievance redress) governing the implementation of the NSNP; and (b) through the Decree No. 2023-124, has appointed the coordinator of the national safety net program (NSNP), selected on a competitive basis, for the carrying out of its functions.
9. To improve the performance of electricity distribution, the Borrower, through the Council of Ministers, has authorized the delegation of management of the public electricity distribution and marketing service to a concessionaire, to be selected following a competitive bidding process, through the Decree No. 2023-1739.
10. To strengthen market institutions and improve market dynamics, the Borrower has submitted to the Parliament, (a) the draft Bill Regulating Competition developing the regulatory framework to tackle anticompetitive practices and limit negative effects of mergers and acquisitions; and (b) the draft Bill on National Competition Authority setting up a competition authority.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in EUR)
(1) Single Withdrawal Tranche	32,817,750
(2) Front-end Fee	82,250
(3) Interest Rate Cap or Interest Rate Collar pursuant to Section 4.05 of the General Conditions	0
TOTAL AMOUNT	32,900,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
 - (a) the Borrower shall open, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Bank: (i) a dedicated account in Euros ("Foreign Currency Dedicated Account"); (ii) a dedicated account in CFAF ("Local Currency Dedicated Account"); and
 - (b) all withdrawals from the Loan Account shall be deposited by the Bank into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Loan into the Foreign Currency Dedicated Account, the Borrower shall deposit an equivalent amount into the Local Currency Dedicated Account.
2. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the CFAF equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit. Upon the Bank's request, the Borrower shall:

1. have the Dedicated Accounts audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case not later than four (4) months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
3. furnish to the Bank such other information concerning the Dedicated Accounts and their audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2024.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments¹

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning November 15, 2028 through November 15, 2057	1.67%
On May 15, 2058	1.47%

¹ The determination of the principal amounts of the Loan repayable on each Principal Payment Date is made in accordance with Section 3.03 of the General Conditions.

APPENDIX

Definitions

1. “Bill establishing the High Council of the Supreme Audit Institution” means *avant-projet de loi fixant la composition, l’organisation et le fonctionnement d Conseil supérieur de la Cour des comptes et de discipline budgétaire*, the Borrower’s draft bill submitted to the Parliament on November 10, 2023.
2. “Bill on National Competition Authority” means *avant-projet de loi portant création de l’autorité nationale de la concurrence*, the Borrower’s draft bill submitted to the Parliament on October 31, 2023.
3. “Bill on Regulating Competition” means *avant-projet de loi relatif à la concurrence*, the Borrower’s draft bill submitted to the Parliament on October 31, 2023.
4. “CFAF” means Central African Franc, the Recipient’s lawful currency.
5. “Decree No. 2023-124” means *Décret n° 2023-124*, nominating Ms. Oko Mavoungou (Corelli Nick-Stella) as coordinator of the NPSP, dated April 17, 2023, and published in the Official Gazette of April 27, 2023.
6. “ Decree No. 2023-1542” means *Décret n° 2023-1542 portant création, attributions et organisation de la commission de réforme des inspections ou des contrôles effectués par l’administration publique auprès des entreprises privées*, dated September 13, 2023, and published in the Official Gazette of September 28, 2023.
7. “ Decree No. 2023-1740” means *Décret n° 2023-1740 portant approbation du document conceptuel du programme national de filets sociaux 2023-2026*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
8. “Decree No. 2023-1734” means *Décret n° 2023-1734 modifiant et complétant certaines dispositions du décret n° 2011-843 du 31 décembre 2011 modifiant et complétant certaines dispositions du décret n° 2009-162 du 20 mai 2009 fixant les seuils de passation, de contrôle et d’approbation des marchés publics*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
9. “Decree No. 2023-1735” means *Décret n° 2023-1735 modifiant et complétant certaines dispositions du décret n° 2022-111 du 18 mars 2022 portant réorganisation de la délégation générale aux grands travaux*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
10. “Decree No. 2023-1736” means *Décret n° 2023-1736 instituant l’approche fondée sur les risques pour l’exécution des contrôles fiscaux et douaniers*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
11. “Decree No. 2023-1737” means *Décret n° 2023-1737 fixant les modalités d’application de la taxe sur la valeur ajoutée (TVA) au secteur pétrolier amont*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.

12. “Decree No. 2023-1738” means *Décret n° 2023-1738 fixant les modalités de suivi, de contrôle et de vérification des activités amont du secteur des hydrocarbures*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
13. “Decree No. 2023-1739” means *Décret n° 2023-1739 autorisant la délégation de la gestion du service public de distribution et de commercialisation de l’électricité par affermage*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
14. “Decree No. 2023-1749” means *Décret n° 2023-1749 relatif aux modalités d’allocation des crédits budgétaires et de décaissement prioritaire des fonds au profit des établissements scolaires d’enseignement technique, professionnel et de formation qualifiante*, dated October 16, 2023, and published in the Official Gazette of October 26, 2023.
15. “Dedicated Accounts” means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account.”
16. “*Direction Générale du Contrôle des Marchés Publics*” or “DGCMP” means the Borrower’s General Directorate of Public Procurement Control, established and operating under the Borrower’s Decree No. 10/27 of June 28, 2010, or its legal successor.
17. “Financing Agreement” means the agreement of same date as this Agreement between the Borrower and the International Development Association, providing a credit to the Borrower to assist in financing the Project, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
18. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
19. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
20. “Local Currency Dedicated Account” means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
21. “Ministerial Order No. 12061” means *Arrêté n° 12061 fixant la composition du comité technique de la direction générale du contrôle des marchés publics*, dated September 26, 2023, and published in the Official Gazette of October 5, 2023.
22. “Ministerial Order No. 12062” means *Arrêté n° 12062 portant réajustement de la composition de la commission spécialisée des marchés d’approvisionnements généraux ou des marchés groupés de la direction générale du contrôle des marchés publics*, dated September 26, 2023, and published in the Official Gazette of October 5, 2023.

23. “Ministerial Order No. 12063” means *Arrêté n° 12063 portant réajustement de la composition de la commission spécialisée des marchés de bâtiments et équipements de la direction générale du contrôle des marchés publics*, dated September 26, 2023, and published in the Official Gazette of October 5, 2023.
24. “Ministerial Order No. 12064” means *Arrêté n° 12064 portant réajustement de la composition de la commission spécialisée des marchés de routes et autres infrastructures de la direction générale du contrôle des marchés publics*, dated September 26, 2023, and published in the Official Gazette of October 5, 2023.
25. “Ministerial Order No. 12065” means *Arrêté n° 12065 portant réajustement de la composition de la commission spécialisée des marchés d’études et d’audits de la direction générale du contrôle des marchés publics*, dated September 26, 2023, and published in the Official Gazette of October 5, 2023.
26. “Ministry of Social Affairs, Solidarity and Humanitarian Action” means the Borrower’s ministry in charge of social affairs, solidarity and humanitarian action, or its legal successor.
27. “National Safety Net Program” or “NSNP” means the Recipient’s national safety net program, established pursuant to Decree No. 2023-1740, as may be amended from time to time.
28. “Official Gazette” means the *Journal Officiel de la République du Congo*, the Borrower’s primary source of law published to disseminate legislation, regulations, and official decisions.
29. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated November 15, 2023, from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
30. “Public Procurement Code” means, for the purposes of PA#4, the Borrower’s Decree No. 2009-156 of May 20, 2009; Decree No. 2009-160 of May 20, 2009; Decree No. 2009-164 of May 20, 2009; Decree No. 2011-843 of December 31, 2011; and Decree No. 2022-111 of March 18, 2022, as amended.
31. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
32. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
33. “Supreme Audit Institution” means the Borrower’s *Cour des Comptes et de discipline budgétaire*, established pursuant to the Borrower’s constitution of 1992 and operating

pursuant to the Borrower's Law no. 022-92, dated October 20, 1992, regarding the organization of the judiciary branch, as amended pursuant to the Borrower's Law no. 19-99 dated, August 15, 1999.

34. "Supreme Audit Institution Organic Law No. 32-2023" means the *Loi déterminant les attributions, l'organisation, la composition et le fonctionnement de la cour des comptes et de discipline budgétaire ainsi que la procédure à suivre*, dated October 25, 2023.