
**CREDIT A (PBA) NUMBER 7474-CG
CREDIT B (PBA-SML) NUMBER 7475-CG**

Financing Agreement

(Second Fiscal Management and Inclusive Growth Development Policy Financing)

between

REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT A (PBA) NUMBER 7474-CG
CREDIT B (PBA-SML) NUMBER 7475-CG

FINANCING AGREEMENT

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

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the following amounts:
 - (a) a first credit in the amount of thirty-three million one hundred thousand Euros (EUR 33,100,000) as such amount may be converted from time to time through a Currency Conversion (“Credit A”); and
 - (b) a second credit in the amount of nine million two hundred thousand Euros (EUR 9,200,000) as such amount may be converted from time to time through a Currency Conversion (“Credit B”).
- 2.02. The financing terms applicable to Credit A are as follows:
 - (a) The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
 - (b) The Service Charge applicable to Credit A is the greater of: (i) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge applicable to Credit A; and (ii) three-

fourths of one percent ($3/4$ of 1%) per annum; on the Withdrawn Credit Balance applicable to Credit A.

- (c) The Interest Charge applicable to Credit A is the greater of: (i) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge applicable to Credit A; and (ii) zero percent (0%) per annum; on the Withdrawn Credit Balance applicable to Credit A.
- (d) The Payment Dates applicable to Credit A are May 15 and November 15 in each year.
- (e) The principal amount of Credit A shall be repaid in accordance with the repayment schedule set forth in Schedule 2.A to this Agreement.
- (f) The payment currency is Euro.

2.03. The financing terms applicable to Credit B are as follows:

- (a) The Maximum Commitment Charge Rate applicable to Credit B is one-half of one percent ($1/2$ of 1%) per annum on the Unwithdrawn Financing Balance applicable to Credit B.
- (b) The Payment Dates applicable to Credit B are May 15 and November 15 in each year.
- (c) The principal amount of Credit B shall be repaid in accordance with the repayment schedule set forth in Schedule 2.B to this Agreement.
- (d) The payment currency is Euro.

2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program and the actions specified in Section I of Schedule 1 to this Agreement;

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following; namely a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 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 Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) 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.
 - (b) The Loan 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 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its minister in charge of finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

E-mail:
contact@finances.gouv.cg

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF CONGO

By

Jean Baptiste ONDAYE

Authorized Representative

Jean Baptiste ONDAYE

Name: _____

Title: _____ minister of economy and finance

Date: _____ 16-Dec-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Cheick Fantamady Kante

Authorized Representative

Name: _____ Cheick Fantamady Kante

Title: _____ Country Director

Date: _____ 16-Dec-2023

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

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

Pillar I: Strengthening Revenue Mobilization and Public Financial Management

1. To strengthen tax and custom system efficiency and improve compliance, the Recipient, 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 Recipient revenues from the oil sector, the Recipient, 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 Recipient 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 Recipient:
 - (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, DGCMP*), 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 Recipient 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 Recipient, through the Council of Ministers, has established 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 Recipient (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 Recipient, 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 Recipient 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 Financing Proceeds

- A. **General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

- B. Allocation of Financing Amounts.** A single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of Credit A Allocated (expressed in EUR)	Amount of Credit B Allocated (expressed in EUR)
(1) Single Withdrawal Tranche	33,100,000	9,200,000
TOTAL AMOUNT	33,100,000	9,200,000

C. Withdrawal Tranche Release Conditions.

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

D. Deposit of Financing Amounts.

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

- E. Audit.** Upon the Association's request, the Recipient shall:
1. have the Dedicated Accounts 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 make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
 3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.
- F. Closing Date.** The Closing Date is December 31, 2024.

SCHEDULE 2

A. Repayment Schedule for Credit A

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing May 15, 2029 to and including November 15, 2048	1.65%
commencing May 15, 2049 to and including November 15, 2053	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

B. Repayment Schedule for Credit B

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing May 15, 2030 to and including May 15, 2035	8,33334%
November 15, 2035	8,33326%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “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 Recipient’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 Recipient’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 Recipient’s draft bill submitted to the Parliament on October 31, 2023.
4. “CFAF” means Central African Franc, the Recipient’s lawful currency.
5. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
6. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed as a percentage per annum.
7. “Credit A” means the credit referred to in Section 2.01(a) of this Agreement and, for purposes of the General Conditions, the Credit.
8. “Credit B” means the credit referred to in Section 2.01(b) of this Agreement and, for purposes of the General Conditions, the Credit.
9. “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.
10. “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.

11. “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.
12. “Decree No. 2023-1732” means *Décret n° 2023-1732 modifiant et complétant certaines dispositions du décret n° 2009-156 du 20 mai 2009 portant code des marchés publics*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
13. “Decree No. 2023-1733” means *Décret n° 2023-1733 modifiant et complétant certaines dispositions n° 2009-160 du 20 mai 2009 fixant les modalités d’approbation des marchés publics*, dated October 12, 2023, and published in the Official Gazette of October 19, 2023.
14. “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.
15. “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.
16. “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.
17. “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.
18. “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.
19. “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.

20. “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.
21. “Dedicated Accounts” means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account.
22. “*Direction Générale du Contrôle des Marchés Publics*” or “DGCMP” means the Recipient’s General Directorate of Public Procurement Control, established and operating under the Recipient’s Decree No. 10/27 of June 28, 2010, or its legal successor.
23. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
24. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
25. “Loan Agreement” means the loan agreement for the Program between the Recipient and the International Bank of Reconstruction and Development, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
26. “Local Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
27. “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.
28. “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.
29. “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.

30. “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.
31. “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.
32. “Ministry of Social Affairs, Solidarity and Humanitarian Action” means the Recipient’s ministry in charge of social affairs, solidarity and humanitarian action, or its legal successor.
33. “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.
34. “Official Gazette” means the *Journal Officiel de la République du Congo*, the Recipient’s primary source of law published to disseminate legislation, regulations, and official decisions.
35. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated November 15, 2023, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
36. “Public Procurement Code” means, for the purposes of PA#4, the Recipient’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.
37. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
38. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
39. “Supreme Audit Institution” means the Recipient’s *Cour des Comptes et de discipline budgétaire*, established pursuant to the Recipient’s constitution of 1992 and operating pursuant to the Recipient’s Law no. 022-92, dated October 20, 1992,

regarding the organization of the judiciary branch, as amended pursuant to the Recipient's Law no. 19-99 dated, August 15, 1999.

40. "Supreme Audit Institution Organic Law No. 32-2023" means the *Loi organique 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.