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**GRANT NUMBER H516-CD**

# **Financing Agreement**

**(Central African Backbone Adaptable Program Financing – Phase 1.A:  
Communications Infrastructure and Technology Project)**

**between**

**REPUBLIC OF CHAD**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated January 22, 2010**

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**GRANT NUMBER H516-CD**

**FINANCING AGREEMENT**

AGREEMENT dated January 22, 2010, entered into between REPUBLIC OF CHAD (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 in an amount equivalent to five million eight hundred thousand Special Drawing Rights (SDR 5,800,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 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 Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is the Euro.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 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) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Program can be carried out.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has established the Steering Committee and the CAB Technical Committee, each with functions, members and resources satisfactory to the Association.
  - (b) The Recipient has recruited a procurement specialist, a financial manager, an accountant and an internal auditor for the Project, in accordance with Section III of Schedule 2 to this Agreement.
  - (c) The Recipient has established a computerized information system for the financial management of the Project in the Project Coordination Unit, in a manner satisfactory to the Association.
  - (d) The Recipient has adopted a Project Implementation Manual in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. 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 the Minister responsible for economy.

6.02. The Recipient's Address is:

Minister of Economy and Planning  
Ministry of Economy and Planning  
B.P. 286  
N'Djamena  
Chad

Telex:	Facsimile:
5329 KD	235-251-45-87

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 N'Djamena, Chad, as of the day and year first above written.

**REPUBLIC OF CHAD**

**By /s/ Ousmane Matar Breme**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Joel Tokindang**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to contribute to increase the geographical reach and usage of regional broadband network services and reduce their prices.

The Project constitutes part of the first phase of the Program, and consists of the following parts:

#### **Part 1: Enabling Environment**

Implementation of a program, including technical advisory services, training and equipments, to support:

- (a) the modernization and harmonization of the national legal, regulatory and institutional frameworks for electronic communication services and the development of an information communication technology (ICT) legislation;
- (b) the capacity strengthening of key public sector stakeholders, including to support the development of regulatory tools, the increase of ICT access in remote areas, the design of spectrum management and monitoring framework and bidding documents;
- (c) the promotion of a pro-competitive environment and restructuring of incumbent operators, including through further liberalization of the sector, the promotion and establishment of public private partnerships, and the definition and implementation of restructuring options and privatization of incumbent operators;
- (d) the establishment and equipment of national and regional internet exchange points; and
- (e) the structuring and start-up activities required for the establishment of regional networks interconnected to the existing fiber-optic network laid along the Chad-Cameroon oil pipeline, including environmental and social management assessments and plans.

#### **Part 2: Project Management**

Support to the national entities involved in the implementation and coordination of the Project, including communication campaigns.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Recipient shall, throughout the implementation of the Project, maintain the following implementation and coordination arrangements:

(1) MPTIC

The MPTIC shall be responsible for the overall coordination, implementation and supervision of the Project.

(2) Steering Committee

(a) The Recipient shall establish and thereafter maintain a steering committee (the “Steering Committee”) headed by the Recipient’s Minister responsible for telecommunications or its representative, with functions and membership satisfactory to the Association.

(b) Without limitation to the provisions of paragraph (a) above, the Steering Committee shall provide guidance on coordination of cross-sectoral activities, review progress in Project implementation, ensure consistency of the Project with the national ICT policy, approve annual work programs and budgets.

(c) Without limitation to the provisions of paragraph (a) above, the Steering Committee shall include representatives of the Recipient’s Ministry of Finance, Ministry of Economy, Planning and International Cooperation, other entities involved in the implementation of the Project, and the Project Coordinator.

(3) Project Coordination Unit

a) The Recipient shall establish and thereafter maintain a coordination unit (the “Project Coordination Unit”) within the MPTIC, headed by a Project Coordinator, with terms of reference satisfactory to the Association.

(b) Without limitation to the provisions of paragraph (a) above, the Project Coordination Unit shall be responsible for the day-to-day implementation and coordination of the Project activities with

the support of the CAB Technical Committee, and fiduciary management of the Project (including through the preparation and implementation of annual work programs and budgets).

- (c) Without limitation to the provisions of paragraph (a) above, the Project Coordination Unit shall include a Project Coordinator, a procurement specialist, a financial manager, an accountant, an internal auditor, and on an as-needed basis an environmental and social management specialist and a technical expert on backbone issue.

**B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Project Staff and Manual**

- (a) The Recipient shall maintain, throughout the implementation of the Project, sufficient resources and staff with experience and qualification satisfactory to the Association, for the performance of its obligations under this Agreement and the achievement of the objectives of the Project.
- (b) The Recipient shall ensure that, throughout the implementation of the Project, the Project shall be carried out in accordance with the provisions of the Project Implementation Manual.
- (c) Unless the Recipient and the Association shall otherwise agree, the Recipient shall not amend, modify or waive any provision of the Project Implementation Manual which, in the opinion of the Association, could have a material adverse effect to the implementation of the Project or the achievement of its objective.
- (d) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

- 1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be

furnished to the Association not later than one month after the end of the period covered by such report.

- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
  - (i) On the Closing Date, the number of internet users per 100 inhabitants is 1.4.
  - (ii) On the Closing Date, the total teledensity (active fixed and mobile subscribers per 100 inhabitants) is 49.
- 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 September 15, 2016.
- 3. Thirty (30) 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 prior to 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 objectives 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. No later than four (4) months after the Effective Date, the Recipient shall have recruited an external independent auditor selected in accordance with the provisions of Section III of this Schedule, for the purpose of, *inter alia*, carrying out the financial audits referred to in Paragraph 3 above.

### **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.
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:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) Procurement through a United Nations Agency
(d) Procurement through a Procurement Agent
(e) Direct Contracting

**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.

<b>Procurement Method</b>
(a) Quality Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on Consultants' Qualifications
(e) Selection of Individual Consultants
(f) Single Source Selection

3. **Training.** Training shall be carried out on the basis of annual programs and budgets, which shall have been approved by the Association, and which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**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 Financing 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)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Goods, Works, consultants' services (including for audits), Training, and Operating Costs for the Project	5,500,000	100%
(2) Refund of Preparation Advance	300,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	5,800,000	

**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 March 15, 2016.

**APPENDIX****Section I. Definitions**

1. “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.
2. “CAB Technical Committee” means the committee established by the Recipient in accordance with Section 5.01(a).
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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.
5. “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.
6. “MPTIC” means the Recipient’s Ministry of Post and Information Communication Technology.
7. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the Project Coordination Unit and the CAB Technical Committee, on account of operation and maintenance costs of office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries of officials and public servants of the Recipient’s civil service.
8. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 1, 2009 and on behalf of the Recipient on May 20, 2009.
9. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 28, 2009 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.

11. “Program” means the program designed to establish the telecommunication Central African backbone under open-access and public private partnership and set forth or referred to in the Declaration of the Heads of State of the Central African Economic and Monetary Community dated May 2007.
12. “Project Coordination Unit” means the unit established by the Recipient by Decision No. 008 MPTIC/SG/09 dated April 8, 2009.
13. “Project Implementation Manual” means the Recipient’s guidelines and procedures to be adopted pursuant to Section 5.01(d) of this Agreement, and containing procedures applicable to the Project and used for the purpose of implementing the Project, including in the areas of monitoring and evaluation, coordination, financial management (including financial, administrative and accounting procedures, procurement, internal controls and audits), and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time with the prior written agreement of the Association, and such term includes any schedule to the Project Implementation Manual.
14. “Steering Committee” means the committee established by the Recipient in accordance with Section 5.01(a).
15. “Training” means the cost of training under the Project, based on annual budgets approved by the Association pursuant to Section III.C.3 of Schedule 2 to this Agreement, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.
16. “Works” means minor works for the partitioning or refurbishment of existing buildings.

## **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. 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 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.”