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GRANT NUMBER H473-CI

Financing Agreement

(Second Economic Governance and Recovery Grant)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 14, 2009

FINANCING AGREEMENT

AGREEMENT dated April 14, 2009, 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 macro-economic 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 ninety-six million four hundred thousand Special Drawing Rights (SDR 96,400,000) ("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 January 1 and July 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 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, that is, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — TERMINATION

- 5.01. 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
B.P.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

The actions taken by the Recipient under the Program include the following:

Public Expenditure Management

1. Approval, by Presidential ordinance no later than December 31, 2007, of a budget for the year 2008, and publication of the Recipient's Cabinet's communiqué regarding said budget in the Official Gazette and the principal daily newspaper.
2. Submission, to the Chamber of Accounts, by the Recipient's ministry at the time responsible for finance, of draft budget execution bills for the years 2005 and 2006.
3. Execution through treasury advances of less than 15 percent of current cumulative expenses for the year 2008, excluding wages and salaries, debt service, and expenditures financed through the revolving fund cash account mechanism (*régies d'avances*) and from external sources.
4. Adoption of a time-bound roadmap by the Recipient's ministry at the time responsible for finance, aimed at separating policy functions from execution and control ones in public procurement.

Energy

5. Completion of an audit of the electricity sector, and submission to the Association of a letter of sector policy, satisfactory to the Association, reflecting the key recommendations of said audit, and aimed at improving the sector's efficiency and restoring its financial viability.
6. Operationalization of the National Extractive Industries Transparency Initiative Committee and adoption of a work plan and budget for said Committee for 2008-09 by the Recipient's ministry at the time responsible for finance.

Cocoa

7. Reduction, of CFA Francs 15 / kilogram, in the total amount of quasi-fiscal levies collected on cocoa during the 2008-09 cocoa season by entities in the sector (including the Coffee and Cocoa Exchange, Coffee and Cocoa Producers' Activities Development and Promotion Fund, Coffee-Cocoa Regulation and Inspection Fund, Coffee and Cocoa

Regulatory Authority, bagging), relative to the amount collected during the 2007-08 season.

8. Submission to the Association of quarterly reports relating to the investment projects approved for 2008 under the Coffee and Cocoa Producers' Activities Development and Promotion Fund's Investment Fund (Investment), Coffee and Cocoa Regulation and Inspection Fund's Prudential Reserve, and Rural Investment Fund, including the implementation status of such projects, for the first three (3) quarters of 2008.
9. (a) Submission to the Association of draft internal audit reports of the Coffee and Cocoa Exchange, Coffee and Cocoa Producers' Activities Development and Promotion Fund, Coffee-Cocoa Regulation and Inspection Fund, and Coffee and Cocoa Regulatory Authority; (b) establishment of a committee responsible for the management of the restructuring of the sector; and (c) adoption of a letter of cocoa sector policy, satisfactory to the Association.

Finance

10. (a) Finalization of recapitalization plans, satisfactory to the Banking Commission, for two (2) commercial banks having negative equity as of December 31, 2006 as per the report of said Commission; (b) completion of a financial and operational audit of the National Investment Bank; and (c) completion, and approval by the Recipient's Cabinet, of a microfinance strategy, satisfactory to the Association.

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.** The Financing shall be withdrawn in a single tranche. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in SDR)
Single Tranche	96,400,000
TOTAL AMOUNT	96,400,000

C. 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 a dedicated foreign currency account designated by the Recipient and acceptable to the Association (“Deposit Account”); 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.

D. Audit. Upon the Association’s request, the Recipient shall:

1. have the Deposit Account 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 the Deposit Account and its audit as the Association shall reasonably request.

E. 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.

F. Closing Date. The Closing Date is December 31, 2009.

APPENDIX

Section I. Definitions

1. “Banking Commission” (*Commission Bancaire*) means the entity, established and operating under the West African Economic and Monetary Union Convention Establishing the Banking Commission of April 24, 1990, responsible for the oversight of banks and other financial institutions in the territory of said Union, including that of the Recipient.
2. “CFA Franc” means the Franc of the Financial Community of Africa (*Franc de la Communauté Financière de l’Afrique*), the currency of the Recipient.
3. “Chamber of Accounts” (*Chambre des Comptes*) means the Recipient’s entity, under the supervisory authority of the Supreme Court, established and operating under the Recipient’s Constitution of November 1960 and Law No. 94-438 of August 16, 1994, and which is responsible for the inspection of public accounts management by the Recipient’s treasury.
4. “Coffee and Cocoa Exchange” (*Bourse du Café et du Cacao*) means the Recipient’s entity, established and operating under its Decree No. 2001-465 of July 25, 2001, responsible for the marketing of coffee and cocoa.
5. “Coffee and Cocoa Producers’ Activities Development and Promotion Fund” (*Fonds de développement et de promotion des Activités des producteurs de café et de cacao*) means the Recipient’s entity, established and operating under its Decree No. 2001-1512 of August 28, 2001, responsible for the development and promotion of the coffee and cocoa sector.
6. “Coffee-Cocoa Regulation and Inspection Fund” (*Fonds de Régulation et de Contrôle Café-Cacao*) means the Recipient’s entity, established and operating under its Ordinance No. 2001-666 of October 24, 2001, responsible for the financial regulation and inspection of the coffee and cocoa sector.
7. “Coffee and Cocoa Regulatory Authority” (*Autorité de régulation du Café et du Cacao*) means the Recipient’s entity, established and operating under its Decree No. 2000-751 of February 10, 2000, responsible for the regulation of the coffee and cocoa sector.
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” 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. “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.
 11. “National Extractive Industries Transparency Initiative Committee” means the Recipient’s entity, established and operating pursuant to the Recipient’s Decree No. 2008-25 of February 20, 2008, and which is responsible for the implementation of the principles of the Extractive Industries Transparency Initiative.
 12. “National Investment Bank” (*Banque Nationale d’Investissement*) means the Recipient enterprise established and operating under the Recipient’s Law No. 97-519 of September 4, 1997 and the Recipient’s Decree No. 98-11 of January 14, 1998.
 13. “Program” means the program of actions, objectives and policies designed to contribute to the Recipient’s capacity to improve public financial management and control, and enhance governance, transparency and efficiency in the energy, cocoa, and financial sectors as set forth or referred to in the letter dated March 3, 2009 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.
 14. “Prudential Reserve” (*Réserve de prudence*) means the Recipient’s entity, established and operating under its Ordinance No. 2001-666 of October 24, 2001, responsible for the financial regulation of the coffee and cocoa sector.
 15. “Rural Investment Fund” (*Fonds d’Investissement en milieu rural*) means the Recipient’s entity, established and operating under its Decree No. 2006-14 of February 24, 2006, responsible for the approval and monitoring and evaluation of rural investment project.

16. “Single Tranche” means the amount of the Financing allocated to the category entitled “Single Tranche” in the table set forth in Part B of Section II of the Schedule to this Agreement.

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."