

CONFORMED COPY

GRANT NUMBER H401-CI

Financing Agreement

(Governance and Institutional Development Project)

between

REPUBLIC OF CÔTE D'IVOIRE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 25, 2008

GRANT NUMBER H401-CI

FINANCING AGREEMENT

AGREEMENT dated July 25, 2008, entered into between REPUBLIC OF CÔTE D'IVOIRE ("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 eight million Special Drawing Rights (SDR 8,000,000) ("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 January 15 and July 15 in each year.
- 2.05. The Payment Currency is Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient's Address is:

Ministry of Economy and Finance
17 P. O. Box 670
Abidjan 17
Côte d'Ivoire

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

5.03. 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	248423 (MCI)	1-202-477-6391
Washington, D.C.		

AGREED at Washington D. C., United States of America, 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 1

Project Description

The objective of the Project is to assist the Recipient in: (i) enhancing efficiency and transparency in the use of public resources; (ii) managing the development of its hydrocarbon resources in an environmentally and socially sound and sustainable manner; and (iii) fostering governance and efficiency in the cocoa sector.

The Project consists of the following parts:

1. Public Financial Management

- (a) Improving capacity for budget planning and execution, through the:
 - (i) provision of support for the launch of the Medium-Term Expenditure Framework and macroeconomic modeling;
 - (ii) improvement of budget classification and nomenclature;
 - (iii) preparation of an institutional audit and development of a manpower plan for the ministry at the time responsible for economy and finance;
 - (iv) preparation of a master plan for the development and consolidation of the budget execution systems of said ministry, development of an interface between budget execution, procurement, treasury accounting, and payroll systems, and continued decentralization of the budget execution system in the remaining 23 Departments in the Recipient's territory; and
 - (v) improvement in production and dissemination of economic and financial information and design and implementation of quarterly budget execution reports by said ministry.
- (b) Strengthening audit and control functions, through the:
 - (i) review of decentralized budget execution control procedures and production of a manual for this function;

- (ii) streamlining and harmonization of public expenditure control systems; and
 - (iii) design and implementation of a monitoring and evaluation system in said ministry.
- (c) Enhancing transparency and efficiency of public procurement, through the:
- (i) establishment of a public procurement regulatory entity, preparation of a public procurement manual and standard public procurement documents, and development of a code of ethics with regard to public procurement;
 - (ii) development of a national strategy for capacity building in public procurement, and related training of participants in the central and decentralized administration and private sector operators; and
 - (iii) design and dissemination, through the internet, of public procurement statistics generated by the electronic public procurement system.

2. Upstream Petroleum Sector Management

- (a) Increasing petroleum revenue generation capacity and improving transparency of said revenues, through the:
- (i) carrying out of a review and update of the legal, contractual, and fiscal framework for upstream petroleum activities;
 - (ii) strengthen the Recipient's capacity to monitor and promote development of the upstream petroleum sector, through the development of a financial model to forecast and back-cast petroleum revenue, the design of strategies for effective promotion of the Recipient's sedimentary basin, and the design of measures aimed at improving the capacity of the Recipient's ministry at the time responsible for mining and energy to negotiate and supervise petroleum contracts; and

- (iii) provision of support to the implementation of the Extractive Industries Transparency Initiative.
- (b) Strengthening the social and environmental aspects of petroleum operations, through the:
 - (i) carrying out of a Social and Environmental Assessment;
 - (ii) carrying out of a review of existing environmental regulations and standards; and
 - (iii) establishment of a system for monitoring the implementation of relevant environmental management plans.

3. Coffee-Cocoa Sector Institutional and Regulatory Framework

- (a) Development and implementation of a coffee-cocoa sector reform strategy, with a key focus on its governance structure and accountability mechanisms.
- (b) Carrying out of an audit of the Recipient's 2007 cocoa grower census.
- (c) Carrying out of an institutional, technical, and financial audit of the entities charged with the management and regulation of the coffee-cocoa sector and their associated funds.

4. Project Management and Communication

- (a) Project management and coordination, including financing of Operating Costs.
- (b) Carrying out of financial and technical audits of Project activities.
- (c) Development and implementation of a Project monitoring and evaluation system.
- (d) Provision of training to Project Coordination Unit staff and Ministerial Focal Points.

- (e) Preparation and implementation of a comprehensive communication strategy relating to Project activities.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Monitoring and Steering Committee

1. The Recipient shall establish, no later than one (1) month after the Effective Date, and thereafter maintain, throughout Project implementation, the Monitoring and Steering Committee, with an institutional framework, functions, and resources satisfactory to the Association, chaired by the Recipient's minister at the time responsible for economy and finance, and comprising representatives of the Line Ministries and the National Secretariat for Governance and Capacity Building.
2. The Monitoring and Steering Committee shall be responsible for overall Project oversight and inter-ministerial coordination of the Project.

Project Coordination Unit

3. The Recipient shall establish, no later than one (1) month after the Effective Date, and thereafter maintain, throughout Project implementation, the Project Coordination Unit, with an institutional framework, functions, and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association, including a coordinator, an assistant coordinator, a financial and disbursement operations officer, an accountant, at least one (1) procurement specialist, and a communications specialist.
4. The Project Coordination Unit shall be responsible for implementation of Part 4 of the Project, day-to-day oversight of Project implementation, and financial, procurement, and administrative management, including disbursements, under the Project.

Project Technical Committee

5. The Recipient shall establish, no later than one (1) month after the Effective Date, and thereafter maintain, throughout Project implementation, under the supervisory authority of the Project Coordination Unit, the Project Technical Committee, chaired by the Project coordinator, and comprising, *inter alia*, the Ministerial Focal Points, and with an institutional framework, functions, and resources satisfactory to the Association.
6. The Project Technical Committee shall be responsible for recommending annual work plans, annual budgets, midterm review and annual assessment reports for consideration by the Monitoring and Steering Committee.

Line Ministries

7. The Recipient's ministry at the time responsible for economy and finance shall be responsible for implementation of Part 1 of the Project, the Recipient's ministry at the time responsible for mining and energy shall be responsible for implementation of Part 2 of the Project, and the Recipient's ministry at the time responsible for agriculture shall be responsible for implementation of Part 3 of the Project.
8. Each Line Ministry shall designate, no later than one (1) month after the Effective Date, a Ministerial Focal Point, who shall be responsible for oversight of implementation of such Line Ministry's respective Part of the Project.

B. Manual

1. The Recipient shall: (i) no later than one (1) month after the Effective Date, adopt a Project Implementation Manual, in form and substance satisfactory to the Association; (ii) ensure that the Project is carried out in accordance with said Manual; and (iii) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of any discrepancy between the provisions of said Project Implementation Manual and those of this Agreement, the latter shall prevail.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall carry out and disclose, no later than twelve (12) months after the Effective Date, the Social and Environmental Assessment, in form and substance satisfactory to the Association.
2. The Recipient shall ensure that, upon preparation and disclosure of said Assessment, Part 2 (a) (iii) and (b) (i) and (ii) of the Project are carried out in accordance with the provisions of said Assessment, and, except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
3. The Recipient's ministry at the time responsible for mining and energy shall be responsible, in close collaboration with the Recipient's ministry at the time responsible for the environment, water, and forestry, for the carrying out, disclosure, and implementation of said Assessment.

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

1. 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 indicators set forth below in sub-paragraph (2) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
2. The performance indicators referred to above in sub-paragraph (1) consist of the following:

No.	Indicator
1.	Composition of real expenditures in accordance with the initial approved budget.
2.	Public access to principal budget information.
3.	New regulatory, contractual, and fiscal framework for upstream petroleum sector applicable to new petroleum contracts.
4.	The Recipient has obtained validation from the Extractive Industries Transparency Initiative.
5.	The percentage of coffee-cocoa sector para-fiscal levies executed through the Recipient's budget.

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 one (1) month 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 (1) semester during the first year of Project implementation, and one (1) fiscal year of the Recipient thereafter. The audited Financial Statements for each such period shall be furnished to the Association not later than three (3) months after the end of such period for the first year of Project implementation, and not later than six months after the end of such period thereafter.

Section III. Procurement

A. General

1. **Goods.** All goods 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

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

- 2. **Other Methods of Procurement of Goods.** 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:

Procurement Method
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping

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.

Procurement Method
(a) Least Cost Selection
(b) Selection Based on Consultants' Qualifications
(c) Single-Source Selection
(d) Selection of Individual Consultants
(e) Quality Based Selection

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$300,000 or more; (b) the first two (2) contracts for goods estimated to cost the equivalent of \$70,000 or more each but less than the equivalent of \$300,000 each and procured on the basis of National Competitive Bidding; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$150,000 or more; (d) the first two (2) contracts for consultants' services provided by a firm estimated to cost less than the equivalent of \$150,000 each; (e) each contract for consultants' services provided by an individual the duration of which exceeds one (1) year; and (f) each contract for consultants' services procured on the basis of Single Source Selection. 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 100% (inclusive of Taxes) of Eligible Expenditures, consisting of goods, works, services (including audits), Training, and Operating Costs.

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, except that withdrawals up to an aggregate amount not to exceed \$1,000,000 equivalent may be made for payments made prior to this date but on or after May 20, 2008, for Eligible Expenditures.
2. The Closing Date is December 15, 2012.

Section V. Other Undertakings

A. Financial Management System

The Recipient shall, no later than one (1) month after the Effective Date, establish, for purposes of Project implementation, a financial management system, including accounting and financial management software, satisfactory to the Association.

B. Financial Auditors

- 1 The Recipient shall:
 - (a) no later than one (1) month after the Effective Date, develop terms of reference, in form and substance satisfactory to the Association, for purposes of the carrying out of the audit referred to in Section II.B.3 of this Schedule; and
 - (b) no later than three (3) months after the Effective Date, recruit in accordance with the provisions of Section III of this Schedule, and thereafter maintain at all times during Project implementation, an external auditor with qualifications, experience, and terms of reference satisfactory to the Association for purposes of the carrying out of said audit.

C. Annual Work Plans and Budgets

The Recipient shall furnish to the Association as soon as available, but in any case not later than September 1 of each year, the annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope

and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date.

D. Midterm Review

The Recipient shall:

- (a) carry out jointly with the Association, no later than 24 months after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Section II.A.2 of Schedule 2 to this Agreement. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) annual work plans and budgets; (iv) progress on procurement and disbursement; and (v) Project implementation arrangements; and make adjustments to the Project and reallocate funds to improve performance, if needed;
- (b) prepare and furnish to the Association, three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of the said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
- (c) review, jointly with the Association, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “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.
4. “Department” means an administrative area of the Recipient established pursuant to the Recipient’s Law No. 95-611 of August 3, 1995, representing a designated area and population within the territory of the Recipient.
5. “Extractive Industries Transparency Initiative” means the initiative aimed at increasing transparency over extractive industry payments and revenues and opening the extractive sectors and their processes to greater public scrutiny through enhanced transparency.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
7. “Line Ministry” means any of the Recipient’s ministries at the time responsible for economy and finance, agriculture, mining and energy, communication, and environment, water and forestry.
8. “Medium-Term Expenditure Framework” means the transparent planning and budget formulation process whereby a government cabinet of ministers establishes credible envelopes for the allocation of public resources to its strategic priorities while ensuring overall fiscal discipline.
9. “Ministerial Focal Point” means any of the individuals referred to in Section I.A.8 of Schedule 2 to this Agreement and whose responsibilities are set out in said Section.

10. “Monitoring and Steering Committee” means the Project entity referred to in Section I.A.1 of Schedule 2 to this Agreement, and whose responsibilities are set out in Section I.A.2 of said Schedule.
11. “National Secretariat for Governance and Capacity Building” means the Recipient’s entity, under the supervisory authority of the Recipient’s Prime Minister’s Office, established and operating pursuant to its Decree No. 2002-301 of May 29, 2002, and charged with governance and capacity building.
12. “Operating Costs” means the incremental expenses incurred by the Recipient’s ministry at the time responsible for economy and finance, based on annual budgets referred to in Section V.C of Schedule 2 to this Agreement as approved by the Association, on account of Project implementation, management, and monitoring and evaluation, including for utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 23, 2008 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.
15. “Project Coordination Unit” means the Project entity referred to in Section I.A.3 of Schedule 2 to this Agreement, whose responsibilities are set out in Section I.A.4 of said Schedule.
16. “Project Implementation Manual” means the Recipient’s manual, referred to in Section I.B.1 of Schedule 2 to this Agreement, to be agreed with the Association, and setting out implementation, organizational, administrative, financial management, disbursement, and procurement arrangements, monitoring and evaluation, environmental and social monitoring and mitigation, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules or annexes to said Manual.

17. “Project Technical Committee” means the Project entity referred to in Section I.A.5 of Schedule 2 to this Agreement, whose responsibilities are set out in Section I.A.6 of said Schedule.
18. “Social and Environmental Assessment” means the Recipient’s assessment, referred to in Section I.D of Schedule 2 to this Agreement, to be carried out under Part 2 (b) (i) of the Project, identifying the social and environmental impacts generated or induced by the development of petroleum accumulations, assessing the extent and probability of these potential impacts, analyzing the institutional capacity of the Recipient for managing these impacts, proposing appropriate and feasible measures designed to prevent, manage, and / or mitigate these impacts, and making recommendations for the integration of these measures into the national hydrocarbon policy and other legal instruments and documents relating to its implementation, and such term includes any schedules or annexes to said Assessment.
19. “Training” means the training of persons involved in Project-supported activities, based on annual budgets referred to in Section V.C of Schedule 2 to this Agreement as approved by the Association, such term including seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.
