

**CONFORMED COPY**

**GRANT NUMBER H3500-CI**

# **Financing Agreement**

**(Economic Governance and Recovery Grant)**

**between**

**REPUBLIC OF CÔTE D'IVOIRE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated April 1, 2008**

**FINANCING AGREEMENT**

Agreement dated April 1, 2008, 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 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) 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 one hundred ninety four million Special Drawing Rights (SDR 194,000,000) ("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 The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.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 exchange views with the Association on any proposed action to be taken after the disbursement of the Financing which 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:

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  
17 P. O. Box 670  
Abidjan 17  
Côte d'Ivoire

Cable:

Facsimile:

MINFIN  
Abidjan

225-20-30-25-25  
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:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423(MCI)

1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

**REPUBLIC OF CÔTE D'IVOIRE**

**By /s/ Christophe Kouakou**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Antonella Bassani**

**Authorized Representative**

## SCHEDULE

### 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:

##### Public Expenditure Management

1. Adoption of a budget, in form and substance satisfactory to the Association, for year 2007, and publication, in a manner satisfactory to the Association, of the Cabinet's communiqué regarding said budget.
2. Satisfactory regularization of at least 70 percent (70%) of all treasury advances made between January 1 and September 30, 2007.

##### Energy

3. Satisfactory advancement as follows in the carrying out of financial, technical, and operational audits, in form and substance satisfactory to the Association, of the following sub-sectors:
  - (a) Electricity (Ivorian Electricity Company (*Compagnie Ivoirienne d'Électricité* (CIE)), Electricity Sector Capital Management Company (*Société de Gestion du Patrimoine du Secteur de l'Électricité* (SOGEPE))): Resumption of work of auditor, and audit in progress;
  - (b) Petroleum and gas (National Petrol Operations Company of Côte d'Ivoire (*Société Nationale d'Operations Pétrolières de la Côte d'Ivoire* (PETROCI))): Submission to the Association of a preliminary report, in form and substance satisfactory to the Association, and organization of a workshop, in a manner satisfactory to the Association, for purposes of review of said report; and
  - (c) Refining, storage, and distribution (Ivorian Refining Company (*Société Ivoirienne de Raffinage* (SIR))): Completion.
4. Continued pursuance of accession to the Extractive Industries Transparency Initiative, as evidenced by:
  - (a) Organization, in Abidjan, of a seminar, in form and substance satisfactory to the Association and with the participation of civil society, for purposes of launch of said Initiative;

- (b) Establishment of a national council, with an institutional framework and resources satisfactory to the Association, for purposes of participatory implementation of the principles of the Extractive Industry Transparency Initiative, including oversight and monitoring and evaluation of fulfillment by the Recipient of the requirements under said Initiative; and
- (c) Appointment of members of said council satisfactory to the Association.

#### Cocoa

- 5. Reduction of FCA Francs 2.65 / kilogram in the total amount of quasi-fiscal levies collected on cocoa by entities in the sector (including Coffee and Cocoa Exchange (*Bourse du Café et du Cacao*), Coffee and Cocoa Producers' Activities Development and Promotion Fund (*Fonds de développement et de promotion des Activités des producteurs de café et de cacao*), Coffee-Cocoa Regulation and Inspection Fund (*Fonds de Régulation et de Contrôle Café-Cacao*), Coffee and Cocoa Regulatory Authority (*Autorité de régulation du Café et du Cacao*), bagging), from FCA Francs 49.11 / kilogram in 2006-07 to FCA Francs 46.46 / kilogram in 2007-08.
- 6. Adoption of operating procedures, in form and substance satisfactory to the Association, for the Coffee and Cocoa Producers' Activities Development and Promotion Fund's Investment Fund (Investment), Coffee and Cocoa Regulation and Inspection Fund's Prudential Fund (*Réserve de prudence*), and Rural Investment Fund (*Fonds d'Investissement en milieu rural*), and communication to the Association of information as to the investment projects approved under said Funds for years 2007 and 2008 and the implementation status of such projects.

#### Financial Sector

- 7. Organization of hearings, in a manner satisfactory to the Association, by the Recipient's ministry at the time responsible for finance, with the five (5) commercial banks having negative equity as of December 31, 2006 as per the report of the Banking Commission (*Commission Bancaire*), for purposes of preparation of restructuring plans of said banks.

### **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:	
Part A	172,000,000
Part B	22,000,000
<b>TOTAL AMOUNT</b>	<b>194,000,000</b>

- C. Deposits of Financing Amounts.** Except as the Association may otherwise agree:

- The Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following deposit account (“Deposit Account”) acceptable to the Association on terms and conditions satisfactory to the Association:

A dedicated deposit account in CFA Francs (“Deposit Account”) for funds allocated to Part B of the Financing.

- 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:

- have the Deposit Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
- 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
- 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, 2008.

## 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. “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.
3. “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.
4. “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.
5. “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.
6. “Deposit Account” means the account referred to in Section II.C.1 of the Schedule to this Agreement.
7. “Electricity Sector Capital Management Company” (*Société de Gestion Patrimoine du Secteur de l’Électricité*) means the Recipient’s enterprise established and operating under its Law No. 97-519 of September 4, 1997 and Decree No. 98-727 of December 16, 1998.
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, un-worked 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. “Franc of the Financial Community of Africa” (*Franc de la Communauté Financière de l’Afrique*) or “FCA Franc” (*Franc CFA*) means the currency of the Recipient.
11. “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.
12. “Ivorian Electricity Company” (*Compagnie Ivoirienne d’Électricité*) means the enterprise established and operating under the Recipient’s Decree Nos. 90-1389 of October 25, 1990 and 98-725 of December 16, 1998.
13. “Ivorian Refining Company” (*Société Ivoirienne de Raffinage*) means the Recipient’s enterprise established and operating under its Law No. 87-FAEP of January 23, 1964.
14. “National Petrol Operations Company of Côte d’Ivoire” (*Société Nationale d’Operations Pétrolières de la Côte d’Ivoire*) means the Recipient’s enterprise established and operating under its Decree No. 75-744 of October 21, 1975.
15. “Program” means the program of actions, objectives, and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated March 4, 2008 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.
16. “Prudential Fund” (*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.
17. “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 projects.
18. “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. 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.
4. 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.
5. 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.”

6. 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.”

7. 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”.

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