Financing Agreement

(Second Programmatic Economic Recovery and Resilience Development Policy Financing)

between

REPUBLIC OF CHAD

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D551-TD

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF CHAD ("Recipient") and the 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 the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventy-two million and nine hundred thousand Special Drawing Rights (SDR 72,900,000) ("Financing").

2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.03. The Payment Dates are April 15 and October 15 in each year.

2.04. The Payment Currency is Euro.

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

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;

(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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister in charge of economy and development planning.

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

(a) the Recipient’s address is:

Ministry of Economy and Development Planning
B.P. 286
N’Djamena
Republic of Chad; and

(b) the Recipient’s Electronic Address is:

Facsimile:

+(235) 22-51-45-87

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

(a) the Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:

248423 (MCI) +(1) 202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF CHAD

By

[Signature]

Authorized Representative

Name: H.E. DR. ISSA DOBRAGNE
Title: MINISTER OF ECONOMY & DEVELOPMENT PLANNING
Date: 23 JANUARY 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: GHANEM M. H. HAFEZ
Title: REGIONAL VICE-PRESIDENT [AFRICA]
Date: 23 JANUARY 2020
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section 1.  **Actions under the Program**

1. To strengthen debt management, the MFB has: (a) adopted through the 2019 Budget Law, a medium-term debt management strategy; and (b) strengthened the institutional capacity of the debt management unit through appointing relevant staff pursuant to Décisions N. 86, 76, 69 and 150 MFB/SE/ DGM/ DGSTCP/ DHM/2019 of the Director General of Treasury Services and Public Accounting.

2. To rationalize tax expenditure and increase transparency, the MFB has: (a) established a technical committee in charge of reviewing tax exemptions pursuant to Décret No.1607/PR/MFB/2019; and (b) published an inventory of existing tax exemptions through the 2019 Budget Law.

3. To improve oil revenue management, the Recipient has enacted the oil revenue management law No. 0040/PR/2019, incorporating a fiscal stabilization function.

4. To improve governance in the petroleum sector, the MPEM through Décret No. 1838/PR/MPME/2019, put in place a disclosure policy for petroleum contracts mandating their publication.

5. To improve cost control, the Recipient’s National Oil Company (SHT) has completed the audit of joint accounts of two operators and agreed on corrective measures with said operators.

6. To modernize and enhance agricultural extension services to farmers, the MOA has adopted an agriculture extension strategy to pilot new performing agricultural technology packages in High Agriculture Potential Zones through Arrêté No. 143/PR/MPIEA/DGM/2019.

7. To improve the efficiency of agricultural inputs, the MOA has: (a) published the pricing system for seed certification through Arrêté No. 32/PR/MPIEA/DGM/ DSCP/2019; and (b) registered the National Federation of Seed Producers and published the registration in the Official Gazette dated, September 30, 2018.

8. To reduce the cost of international connectivity, the MPNIT has entered into and approved a concession agreement, incorporating international best practices of open access principles, through Décret No. 457/PR/MPNTIC/2019.

9. To enhance the implementation of cash transfer programs, the MEDP has established a unit in charge of managing the Unified Social Register (USR) under

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 is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>72,900,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>72,900,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions.

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

D. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:

(a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated account in Euro (“Foreign Currency Dedicated Account”); and (ii) a dedicated account in CFA (“Local Currency Dedicated Account”); and

(b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.
2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the CFA equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

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

1. have the accounts referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association’s request for such audit a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and

3. furnish to the Association such other information concerning the accounts referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

F. The Closing Date is January 15, 2021.
APPENDIX

Section I. Definitions


4. “ICT” means information and communication technology.

5. “MEDP” means the ministry of the Recipient in charge of economy, development and planning.

6. “MFB” or “Ministry of Finance and Budget” means the ministry of the Recipient in charge of the finance and budget.

7. “MOA” or “Ministry of Agriculture” means the ministry of the Recipient in charge of agriculture.

8. “MPNIT” means the ministry of the Recipient responsible for information communication technology.

9. “MPEM” means the ministry of the Recipient in charge of petroleum and energy.

10. “National Federation of Seed Producers” means the seeds producers association registered under the Associations Registrar on September 7, 2018.

11. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated December 5, 2019, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.

13. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

14. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.