
CREDIT (A) NUMBER 74090-BJ
CREDIT (B) NUMBER 74080-BJ
CREDIT (C) NUMBER 74070-BJ

Financing Agreement

(First Boosting Inclusive Growth and Resilience Development Policy Financing)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT (A) NUMBER 74090-BJ
CREDIT (B) NUMBER 74080-BJ
CREDIT (C) NUMBER 74070-BJ

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF BENIN (“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: (i) the actions which the Recipient has already taken under the Program, and which are described in Section I of Schedule 1 to this Agreement; and (ii) 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 credits, which are deemed as Concessional Financing for purposes of the General Conditions, as follows:
 - (a) a credit in an amount equivalent to forty-seven million eight hundred thousand Euros (EUR 47,800,000) (Credit A);
 - (b) a credit in an amount equivalent to eighty-eight million two hundred thousand Euros (EUR 88,200,000) (Credit B); and
 - (c) a credit in an amount equivalent to seventy-two million five hundred thousand Euros (EUR 72,500,000) (Credit C) (Credit A, Credit B, and Credit C, collectively, “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 of Credit A and Credit B.
- 2.03. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum, or such rate as may apply

following a Currency Conversion; on the Withdrawn Credit Balance of Credit B and Credit C.

- 2.04. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance of Credit B and Credit C.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amounts of the credits shall be repaid in accordance with the repayment schedules set forth in Schedule 2 to this Agreement and, with respect to Credit C, subject to provisions of Section 2.08 below.
- 2.07. The Payment Currency is Euro.
- 2.08. (a) If, prior to the Closing Date, the Recipient requests an extension of the Closing Date for Credit C, the Association may provide such extension on such terms and conditions as agreed by the Association.
- (b) Notwithstanding the provisions of sub-paragraph (a) above, the Closing Date for Credit C shall not be extended if at the time of Recipient's request, the events specified in sub-paragraph (b) (i) of Section 3.05 of the General Conditions have occurred.
- 2.09. 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

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 BENIN

By

RW

Authorized Representative

Romuald WADAGNI

Name: _____

Senior Minister of Economy and Finance

Title: _____

21-Sep-2023

Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

C. Coffi

Authorized Representative

Nestor Coffi

Name: _____

Country Manager

Title: _____

21-Sep-2023

Date: _____

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

Pillar 1 – Enhancing Private Sector-Led Growth

1. To support a competitive mobilization of private financing, the Recipient has submitted to its national assembly a draft law on public-private partnerships which defines public private partnerships and clarifies its scope of application, confirms the general principles of competitive and transparent selection of bidders, and increased oversight by technical structures, rationalized deadlines, and includes environmental guidelines, as evidenced by the Recipient's *Decret N° 2023 – 313*, dated June 14, 2023.
2. To promote micro, small and medium-sized enterprises' growth and development, the Recipient has adopted the implementing decree of Law 2020-03 of March 20, 2020, on the promotion and development of micro, small and medium-sized enterprises, which increases support to MSMEs post registration, with respect to access to finance and to public markets and which includes tools to help boost their productivity, as evidenced by the Recipient's *Decret N° 2023 – 339*, dated July 5, 2023.
3. To enhance the efficiency of the judicial system and dispute resolution and contribute to the improvement of the investment climate, the Recipient has created the specialized land court, which includes a trial chamber and an appeals chamber and operationalized such land court, as evidenced by the Recipient's *Loi N° 2022 – 16*, dated October 19, 2022, *Decret N° 2022 – 657*, dated November 16, 2022, and *Decret N° 2023 – 121*, dated March 29, 2023.

Pillar 2 – Boosting Domestic Revenue Collection

4. To rationalize tax expenditure, the Recipient has enacted the law on the establishment and operation of special economic zones, which rationalizes and regulates tax incentives granted in special economic zones, as evidenced by the Recipient's *Loi N° 2022 – 38*, dated January 3, 2023.
5. To boost customs revenue collection, the Recipient has strengthened the risk management system aimed at (a) guaranteeing transparency of outstanding customs recoveries, and (b) establishing a data-driven *ex-post* control of customs declaration and duty payments, as evidenced by the Ministry of Economy and

Finance's *Arrete Annee 2023 N° 1523c/MEF/DC/SGM/DCSRF/DGD/094SGG23*, dated June 13, 2023, and the Ministry of Economy and Finance's General Directorate of Customs' *Decision N° 628-c/MEF/DGD/DGA/DREF/SCE*, dated July 6, 2023.

Pillar 3 – Strengthening Social and Climate Resilience

6. To promote access to basic health services, the Recipient has established a mandatory health insurance scheme with subsidized basic health care for the poor and very poor identified in the Recipient's social registry and reproductive health care for women, as evidenced by the Recipient's *Decret N° 2023 – 327*, dated June 21, 2023.
7. To strengthen the sustainability and adaptability of the social protection system, the Recipient has determined the roles, responsibilities, and resources for the identification of households living in flood-risk areas and their integration into the Recipient's social registry, as evidenced by the *Memorandum d'Entente N° 02/MASM/MISP/DC/SGM/CAMO*, dated July 18, 2023, between the Ministry of Social Affairs and Microfinance and the Ministry of the Interior and Public Security.
8. To reduce climate risks in cities, the Recipient has submitted to its national assembly the draft of the law on urban planning, which contains provisions for urban planning and development to take into account environmental sustainability, climate change adaptation and hazard assessment, as evidenced by the Recipient's *Decret N° 2023 – 336*, dated July 5, 2023.
9. To reduce the impact of climate change on coastal erosion, the Recipient has adopted the implementing regulations of the law on the protection of the coastline, which: (a) creates the national unit for the protection and management of the coastline and its subdivisions; and (b) contains directives needed for the development and enhancement of the coastal zone, as evidenced by the Recipient's *Decret N° 2023 – 345*, dated July 5, 2023 and *Decret N° 2023 – 349*, dated July 5, 2023.
10. To strengthen the national disaster risk management system, the Recipient has adopted a decree defining the measures and procedures to enhance disaster risk preparedness, financing, and response, as evidenced by the Recipient's *Decret N° 2023 – 334*, dated June 21, 2023.

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: two withdrawal tranches, 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:

Allocations	Amount of Credit A Allocated (expressed in EUR)	Amount of Credit B Allocated (expressed in EUR)	Amount of Credit C Allocated (expressed in EUR)
(1) First Withdrawal Tranche	47,800,000	88,200,000	0
(2) CAT-DDO Withdrawal Tranche	0	0	72,500,000
TOTAL AMOUNT	47,800,000	88,200,000	72,500,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the First 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.
2. (a) No withdrawal shall be made of the CAT-DDO Withdrawal Tranche unless the Association is satisfied, based on evidence satisfactory to it, that a declaration of a state of disaster or health emergency made pursuant to Article 6 of the Recipient's *Decret N° 2023 – 334*, dated June 21, 2023, has been issued to respond to an imminent or occurring natural disaster or health emergency.

(b) Notwithstanding the foregoing, if, at any time prior to the receipt by the Association of a request for withdrawal of an amount of the CAT-DDO Withdrawal Tranche, the Association determines that a review of the Recipient's progress in carrying out the Program is warranted, the Association shall give notice to the Recipient to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Financing Balance of Credit C unless and until the Association has notified the Recipient of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Recipient in carrying out the Program.

- (c) No withdrawal shall be made of the CAT-DDO Withdrawal Tranche unless the Association is satisfied, based on evidence satisfactory to it, that the situation described in paragraph (c) of Section 3.01 of Article III of this Agreement has been resolved.

D. Deposit of Financing Amounts.

The Recipient, within sixty (60) days after the withdrawal of each of the First Withdrawal Tranche and the CAT-DDO Withdrawal Tranche from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the XOF 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 account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date

1. The Closing Date for Credit A is December 31, 2024.
2. The Closing Date for Credit B is December 31, 2024.
3. The Closing Date for Credit C is December 31, 2027.

SCHEDULE 2

I. Repayment Schedule for Credit A

Date Payment Due	Principal Amount of Credit A repayable (expressed as a percentage)*
On each February 15 and August 15_:	
commencing February 15, 2030 to and including February 15, 2035	8.33334%
on _August 15, 2035	8.33326%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

II. Repayment Schedule for Credit B

Date Payment Due	Principal Amount of Credit B repayable (expressed as a percentage)*
On each February 15 and August 15_:	
commencing February 15, 2029 to and including August 15, 2048	1.65%
commencing February 15, 2049 to and including August 15, 2053	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

III. Repayment Schedule for Credit C

Date Payment Due	Principal Amount of Credit C repayable (expressed as a percentage)*
On each February 15 and August 15_:	
commencing February 15, 2029 to and including August 15, 2048	1.65%
commencing February 15, 2049 to and including August 15, 2053	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions or Section 2.08 of Article II of this Agreement.

APPENDIX

Definitions

1. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of Credit B and Credit C, in effect at 12:01 a.m. Washington, D.C. time, on the date on which Credit B and Credit C are approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
2. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of Credit B and Credit C, in effect at 12:01 a.m. Washington, D.C. time, on the date on which Credit B and Credit C are approved by the Executive Directors of the Association, and expressed as a percentage per annum.
3. “CAT-DDO Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “CAT-DDO Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
4. “First Withdrawal Tranche” means the amount of Financing allocated to the category entitled “First Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
5. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
6. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated August 7, 2023, 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.
7. “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.