
CONFORMED COPY

GRANT NUMBER H440-BJ

Financing Agreement

(West and Central Africa Air Transport Safety and Security Program (Phase II-B))

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 3, 2009

GRANT NUMBER H440-BJ

FINANCING AGREEMENT

AGREEMENT dated April 3, 2009, between the REPUBLIC OF BENIN (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS AND 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 equal to six million one hundred thousand Special Drawing Rights (SDR 6,100,000) 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 April 15 and October 15 of each year.
- 2.05. The Payment Currency is the Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the ANAC in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the ANAC to perform any of its obligations under the Project Agreement.

ARTICLE V – EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The ANAC has recruited one procurement specialist and one accountant with qualifications, experience and terms of reference satisfactory to the Association in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.
 - (b) An external auditor to the ANAC, with qualifications, experience and terms of reference satisfactory to the Association has been appointed by the Recipient in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement to audit the financial statements of the ANAC and the Project accounts.
 - (c) The ANAC has adopted the Administrative, Financial, and Accounting Manual and Project Implementation Manual, both in form and substance, satisfactory to the Association.
 - (d) The Subsidiary Agreement has been executed on behalf of the Recipient and the ANAC.

5.02 The Additional Legal Matter consists of the following:

The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the ANAC, and is legally binding upon the Recipient and the ANAC, in accordance with its terms.

5.03. The Effectiveness Deadline is the date 90 days after the date of this Agreement.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the minister at the time responsible for the economy and finance.

6.02. The Recipient’s Address is:

Ministère de l’Economie et des Finances
B.P. 302
Cotonou
Republic of Benin

Cable:	Telex:	Facsimile:
MINFINANCES Cotonou	5009 MINFINOR 5289 CAA	(229) 21 30 18 51 (229) 21 31 53 56

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) or 64145 (MCI)	1-202-477-6391

AGREED at Cotonou, Republic of Benin, as of the day and year first above written.

REPUBLIC OF BENIN

By: */s/ Soulé Mana Lawani*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ Joseph Baah-Dwomoh*
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in improving compliance of its civil aviation sector and its international airport with International Civil Aviation Organization (ICAO) safety and security standards.

The Project consists of the following parts:

1. **Strengthening of Recipient's sectoral policy and of ANAC's safety and security oversight capacity**

- (a) strengthening of the Recipient's transport sector policy in the areas of civil aviation and airports, through the provision of technical advisory services; and
- (b) strengthening of the ANAC's safety and security oversight capacity, through: (i) improvement of its technical library; (ii) improvement of its means to carry out search and rescue operations; and (iii) carrying out of staff training to address issues relating to airport and aircraft safety and security.

2. **Strengthening of Cotonou international airport security standards**

Strengthening of airport safety and security standards at Cotonou international airport, including through:

- (a) acquisition and installation of security equipment (scanning, personnel identification), as well as Search and Rescue equipments;
- (b) implementation of training programs for safety and security personnel;
- (c) installation of closed circuit television systems; and
- (d) acquisition of basic communication and inspection equipments.

3. **Project Coordination, Management, and Oversight**

- (a) provision of support in the form of technical advisory services and Operating Costs financing for the benefit of the ANAC and UCP to support them in the coordination, management and oversight activities under the Project; and
- (b) provision of Training to Project fiduciary and procurement staff.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Recipient shall maintain at all times during Project implementation, the following entities, with an institutional framework, functions, and resources satisfactory to the Association, including, where applicable, staff with qualifications, experience, and terms of reference satisfactory to the Association and recruited in accordance with the provisions of Section III of this Schedule:
 - (a) The Steering Committee which shall be responsible for supervision of Project implementation shall maintain through the duration of the Project the composition and functions described in the Steering Committee *Arrêté* which Steering Committee *Arrêté* shall not be modified without the Association's prior written consent.
 - (b) The ANAC which shall be responsible for overall Project implementation.
 - (c) The UCP which shall be responsible for day-to-day Project implementation.

B. Subsidiary Agreement

1. To facilitate the implementation of the Project by the ANAC, the Recipient shall make the proceeds of the Financing available to the ANAC on a grant basis under a subsidiary agreement between the Recipient and the ANAC, under terms and conditions approved by the Association ("Subsidiary Agreement").
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Manuals

1. Except as the Association shall otherwise agree, the Recipient: (i) shall ensure, and shall cause the ANAC to ensure, that the Project is implemented in accordance with the Administrative, Financial, and Accounting Manual and the Project Implementation Manual; and (ii) except as the Association shall otherwise agree, shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of any inconsistency between the provisions of the Administrative, Financial, and Accounting Manual, and Project Implementation Manual and those of this Agreement, the latter shall prevail.

D. Anti-Corruption

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

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate, or cause the ANAC to 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association no later than 45 days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (A) By the Closing Date, the compliance rate of the civil aviation of the Recipient with ICAO safety standards has increased from 20% to at least 60%.
 - (B) By the Closing Date, the compliance rate of the civil aviation of the Recipient with ICAO security standards has increased from 32% to at least 70%.

- (C) By the Closing Date, the proportion of technical personnel of the ANAC complying with ICAO safety standards has increased from 1% to 50%.
- (D) By the Closing Date, the proportion of security inspectors employed by the ANAC having received security training compliant with ICAO standards has increased from 20% to at least 60%.
- (E) By the Closing Date, the budget of the ANAC has increased to at least FCFA 1.40 billion, with at least FCFA 378 million being allocated to security activities.
- (F) By the Closing Date, the proportion of Cotonou international airport security personnel with at least three (3) years of experience has increased from 37% to at least 50%.
- (G) By the Closing Date, the number of serious problems recorded during annual crisis simulation exercises at Cotonou international airports has decreased to less than three (3).
- (H) By the Closing Date, the rate of seizure of illegal objects (as defined by the ICAO) from passengers at Cotonou international airport, by private airline security personnel employed by airline companies, by private airline security personnel employed by the airport authorities and/or the airport police, has decreased to less than 1%.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained by the ANAC 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, or cause to be prepared and furnished, to the Association as part of the Project Report no later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering that quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the ANAC's Financial Statements and the Project's accounts (all, referred to as the 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) Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association no later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project 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 Schedule.
2. **Consultants' Services.** All consultants' services required for the Project 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 Schedule.
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 and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** 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) National Competitive Bidding (*)
(b) Shopping
(c) Limited International Bidding
(d) Direct Contracting

(*) Subject to complementing the rules applicable to National Competitive Bidding to ensure that: (i) bids are advertised in national newspapers with wide circulation; (ii) bid evaluation, bidder

qualification and award criteria are specified clearly in the bidding documents; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidder provided that this bidder is qualified; (v) eligible bidders, including foreign bidders, are not precluded from participating; and (vi) no preference margin is granted to domestic contractors.

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

D. Review by the Bank of Procurement Decisions

- (a) Except as the Association shall otherwise determine by notice to the Recipient, or otherwise provided in the Procurement Plan approved in writing by the Association, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$500,000 or more procured on the basis of International Competitive Bidding; (b) each contract for goods procured on the basis of Direct Contracting; (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$200,000 or more; (d) each contract for consultants’ services provided by an individual as specified in the procurement plan; (e) each contract for consultants’ services procured on the basis of Single Source Selection; and (f) the first two contracts procured pursuant to each of the above procurement methods.
- (b) All other contracts shall be subject to Post Review by the Association.
- (c) Each terms of reference for consultants’ services estimated to cost the equivalent of \$5,000 or more, and each technical specification and standard for the procurement of goods, shall be subject to Prior Review by the Association.

- (d) All Training activities will be carried out on the basis of annual programs submitted annually for the prior written approval of the Association, identifying the general framework of the Training activities for the year, including: (i) the type of Training; (ii) the justifications for the Training; (iii) the content of the Training; (iv) the personnel to be trained; (v) the selection method of the institutions or individuals conducting the Training; (vi) the location of the Training; (vii) the individual or firm which will conduct the Training; (viii) the duration of the proposed Training; and (ix) the estimated cost of the Training. Upon completion of each Training, the Recipient shall cause the trainee to prepare, and shall transfer to the Association, a report on the Training received.

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 Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

	Category	Amount of the Financing Allocated (Expressed in SDR)	Percentage of Expenditures to be Financed
(1)	Goods, Small Works, Consultant Services and Training	5,600,000	100%
(2)	Operating Costs	100,000	100%
(3)	Unallocated	400,000	
	TOTAL AMOUNT	6,100,000	

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 5% of the Grant amount may be made for payments made prior to this date but on or after September 1st, 2008, for Eligible Expenditures under Categories (1) and (2).

2. The Closing Date is December 31, 2012.

Section V. Other Undertakings

The Recipient shall:

1. Cause the ANAC to submit to the Association, from the Effective Date onward and throughout Project implementation, reports, containing information pertaining to rate of illegal objects, as defined by the ICAO, seized at Cotonou airport from passengers by airlines security employed by airline companies, private airline security personnel employed by the airport authorities and/or the airport police. This submission to the Bank should be done on a quarterly basis, starting on March 31st, 2009.
2. Provide to the Association independently audited financial reports on the activities of the ANAC, no later than six months after the end of each fiscal year. To this end, the audit reports shall include statements of revenues collected and the detail of the expenditures incurred, with details of the percentage of expenditures used for safety and security activities.
3. Cause the ANAC to submit to the Association, no later than three months after each annual airport crisis-exercise, a report describing the results of each exercise carried out at Cotonou airport, as well as qualified expert's comments on the report from qualified consultants who observed the exercises. First crisis exercise is to be carried out by no later than December 31st, 2009 at Cotonou airport.
4. Provide to the Association for analysis, Mid-term and end of Project security and safety audits carried out by qualified consultants to review the implementation of ICAO's recommendations and/or action plan.
5. Cause the ANAC to submit to the Association, no later than 18 months after the Effective Date and six (6) months prior to the Closing Date, ICAO safety and security audit reports.
6. No later than eighteen (18) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the Recipient shall, in conjunction with the Association and the ANAC, carry out a mid-term review of the Project, covering the progress achieved in the

implementation of the Project. The Recipient shall prepare, or cause the ANAC to prepare, under terms of reference satisfactory to the Association, and furnish to the Association three months prior to the beginning of such mid-term review of the Project, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives of the Project during the period following such date.

7. No later than one (1) month after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the Recipient shall send to the Association the report of the Recipient's public accountant (*commissaire aux comptes*) on the 2006 and 2007 financial statements of the ANAC.

APPENDIX**Definitions**

1. “Administrative, Financial and Accounting Manual” means the manual adopted by the ANAC outlining administrative, financial and accounting procedures and guidelines, adopted by the Recipient as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules thereto.
2. “Airport Security Fee” means the fee levied by the Recipient for purposes of financing expenditures related to airport security equipment and infrastructure, acquisition maintenance and operations, and payable by passengers using any of the Recipient’s airports.
3. “ANAC” or “Project Implementing Entity” means the Benin Civil Aviation Authority (*Agence Nationale de l’Aviation Civile*).
4. “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.
5. “*Caisse Autonome d’Amortissement*” means the Recipient’s institution in charge of public debt management, established by the *Décret* No. 2008-2410 dated May 6, 2008.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Recipients” published by the Bank in May 2004 and revised in October 2006.
8. “Fiscal Year” means the Recipient’s fiscal year beginning on January 1 in any one calendar year and ending on December 31 in the same calendar year.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

10. “International Civil Aviation Organization” or “ICAO” means the organization established pursuant to the International Civil Aviation Convention of September 7, 1944, and whose objective is to promote the secure and organized development of international civil aviation across the world.
11. “Operating Costs” means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, including for office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, advertising expenses, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
12. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 28, 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.
14. “Project Agreement” means the agreement between the Association and the ANAC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.
15. “Project Implementation Manual” means the manual adopted by the ANAC, outlining implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, procurement arrangements and accounting procedures, as shall have been agreed with the Association for purposes of Program implementation, as the same may be amended from time to time with the prior written concurrence of the Association, and such term includes any schedules to the Program Implementation Manual.
16. “Project Implementing Entity’s Legislation” means the Recipient’s *Arrêté* 2008 N.84/MDCTTP-PR/DC/SGM/CTTA/ANAC/SA dated September 19, 2008 and the Decree N. 2004.598 *portant attribution des statuts de l’ANAC*, dated October 29, 2004.
17. “Small Works” means minor office refurbishment such as painting, plastering and any other small works with the prior written approval of the Association.

18. “Steering Committee” means the committee referred to in Section I.A.1(a) of Schedule 2 to this Agreement, established and operating pursuant to the Steering Committee *Arrêté*.
19. “Steering Committee *Arrêté*” means the Recipient’s *Arrêté N. 099/MDCTTP-PR/DC/SG/CTTTA/ANA/DAF-DIS/C-PRSSTAAOC portant création du Comité de Pilotage du Projet de Sécurité et de Sûreté du Transport Aérien en Afrique de l’Ouest et du Centre phase 2.B*, dated October 8, 2008.
20. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the ANAC.
21. “Training” means the training of persons involved in Project-supported activities, carried out on the basis of annual programs specified in Section III.D.(d) of Schedule 2 to this Agreement, and such term includes seminars, workshops, and study tours, and costs associated with such activity, including travel and subsistence costs for training participants, costs of 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 related to the Project.
22. “UCP” means the team referred to in Section I.A.1(c) of Schedule 2 to this Agreement, established and operating pursuant to the ANAC’s Decision No. 031/ANAC/MDCTTP-PR/C-PRSSTAAOC *portant composition et attributions de l’Unité de Coordination du Programme Régional de Sécurité et de Sûreté du Transport Aérien en Afrique de l’Ouest et du Centre phase 2.B*, dated September 1, 2008.