

OFFICIAL
DOCUMENTS

CREDIT NUMBER 6663-BJ

Project Agreement

(Agricultural Competitiveness and Export Diversification Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGENCY FOR PROMOTION OF INVESTMENT AND EXPORTS (APIEX)

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and Agency for Promotion of Investment and Exports (APIEx) (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of the Signature Date between the REPUBLIC OF BENIN (“Recipient”) and the Association, concerning Credit No. 6663-BJ. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Component one (1) and three (3) of the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 10.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is its general director.

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

(a) the Association's address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex: Facsimile:
248423(MCI) or (+1) 202-477-6391

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

(a) the Project Implementing Entity's address is:

*Agence de Promotion des Investissements et des Exportations (APIEx)
Immeuble APIEX-ANAEP, Lot 368, Face Hall des Arts
01 BP 5160, Cotonou
République du Bénin; and*

(b) the Project Implementing Entity's Electronic Address is:

Telephone: [+229 213 186 50](tel:+22921318650) Facsimile:
[\(+229\) 21318650](tel:+22921318650) [\(+229\) 21318659](tel:+22921318659)
[\(+229\) 21318672](tel:+22921318672)

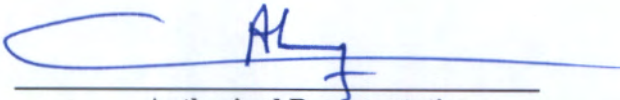
Email:

contact@APIEx.bj

AGREED as of the later of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Ayou Seck

Title: Country Manager

Date: July 01, 2020

AGENCY FOR PROMOTION OF INVESTMENT AND EXPORTS

By



Authorized Representative

Name: Laurent GANBES

Title: Directeur Général

Date: 23/06/2020

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

APIEx shall carry out Component one (1) and three (3) of Project and to this end, shall:

- (a) hire and appoint: (i) a component coordinator APIEx; (ii) a private sector and value chains development specialist; (iii) a market infrastructure specialist; (iv) a chief accountant; and (v) a procurement specialist on the basis of terms of reference, qualifications, integrity and experience acceptable to the Association; and
- (b) be a member of the Project's technical committee.

B. Matching Grant Operating Manual, Risk Sharing Facility Manual

1. For the purposes of implementing Part 3.1 of the Project, APIEx shall prepare and adopt a Matching Grant Operating Manual in form and substance acceptable to the Association, including, *inter alia*, an elaboration of the eligibility criteria and terms and conditions, and procedures for preparation, approval and monitoring and evaluation, of Matching Grants.
2. For the purposes of implementing Part 3.2 of the Project, APIEx shall cause FONAGA to maintain, in accordance with terms of reference acceptable to the Association, a Risk Sharing Facility Manual, containing detailed arrangements and procedures for the Risk Sharing Facility, including *inter alia*: (i) eligibility criteria, detailed rules and procedures for selection of Participating Banks; (ii) legal arrangements to be entered into between FONAGA and Participating Bank and between Participating Banks and Private Sector Operators; (iii) administration, financial management and accounting procedures; and (iv) such other administrative, technical and organizational arrangements and procedures as shall be required for purposes of implementation of Part 3.2 of the Project.
3. APIEx shall implement the Project in accordance with the Project Implementation Manual, the Matching Grant Operating Manual, Risk Sharing Facility Manual; provided, however, that, in the event of any conflict between the provisions of these manuals and those of this Agreement, this Agreement shall prevail.
4. Except as the Association shall otherwise agree, APIEx shall not amend, waive or otherwise modify the Matching Grant Operating Manual, Risk Sharing Facility Manual; (or any provision thereof) if, in the opinion of the Association, such amendment, waiver or other modification may materially and adversely affect the implementation of the Project.

C. Subsidiary Agreement

1. APIEx shall enter into a subsidiary agreement with the Recipient (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the following:
 - (a) APIEx shall carry out Component one (1) and three (3) of Project in accordance with the provisions of this Agreement, the Financing Agreement, and the PIM;
 - (b) APIEx shall exercise its rights under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing Agreement; and
 - (c) except as the Association shall otherwise agree, APIEx or the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
2. APIEx shall exercise its rights and carry out their obligations under the Subsidiary Agreement in such manner as to protect the interests of APIEx and the Association and to accomplish the purposes of the Financing Agreement.

D. Matching Grant Mechanism

1. APIEx disburse Matching Grants to Beneficiaries for Sub-projects in accordance with eligibility criteria and procedures set forth in the Matching Grant Operating Manual and acceptable to the Association which shall include the following:
 - (a) No proposed Sub-project shall be eligible for financing under a Matching Grant to a Beneficiary unless APIEx, shall have determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association and elaborated in the Matching Grant Operating Manual, that:
 - (i) the proposed Sub-project:
 - (A) (1) is designed under the Window A for micro and small agro-processing operators and agriculture service providers to finance the expansion and/or upgrade of their existing activities; (2) is designed under the Window B to invest the acquisition of agricultural production equipment and machinery, post-harvest technologies and storage facilities by small and medium geoprocessing operators and agriculture providers; or (3) is designed under the Window C to finance the expansion and/or upgrade of their existing facilities by small and medium agro-processing units and agriculture service providers;
 - (B) is technically feasible and economically and financially viable; and

- (C) if, pursuant to the environmental and social frameworks, one or more Safeguard Documents for the Sub-project are required, such Safeguard Documents have been prepared by the Recipient and approved by the Association in accordance with the provisions of paragraph; and
- (ii) the following Sub-projects shall not be eligible for financing, as further set forth in the Matching Grant Operating Manual:
- (A) any Sub-projects involving non-eligible expenditures (as such term is defined in the Matching Grant Operating Manual);
 - (B) any Sub-projects affecting international waterways, natural habitats, disputed areas or indigenous peoples;
 - (C) any Sub-projects involving the conversion or degradation of forest areas;
 - (D) any Sub-projects involving the involuntary taking of land or involuntary resettlement resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas;
 - (E) any Sub-projects involving the construction or rehabilitation of dams; and
 - (F) any Sub-projects that would be classified as 'Category A' in accordance with the Bank's policies and procedures; and
- (iii) the proposed Beneficiary:
- (A) is a natural person or a legal entity established and operating under the laws of the Recipient with the organization, management, technical capacity and financial resources necessary to carry out the proposed Sub-project; and
 - (B) (i) under Window A, has demonstrated the capacity, and has committed to finance at least 15% of the total estimated cost of the Sub-project out of its own resources or other loans; (ii) under Window B, has demonstrated the capacity, and has committed to finance at least 20% of the total estimated cost of the Sub-project out of its own resources or other loans; and (iii) under Window C, has demonstrated the capacity, and has committed to finance at least 50% of the total estimated cost of the Sub-project out of its own resources, unless the proposed Beneficiary is, or is owned by, a woman or Youth, in which case the proposed Beneficiary has committed to finance at least 40% of the total estimated cost of

the Sub-project out of its own resources or other loans and committed to provide 10% in in-kind contributions.

- (b) The maximum amount: (i) of all Matching Grants to a single Beneficiary shall not exceed the equivalent of one hundred (100) thousand United States Dollars; and (ii) of each Matching Grant for a Sub-Project under Window A shall not exceed seven (7) thousand United States Dollars; (iii) each Matching Grant for a Sub-Project under Window B shall not exceed twenty-five (25) thousand United States Dollars; and (iv) each Matching Grant for a Sub-Project under Window C shall not exceed one hundred (100) thousand United States Dollars.
2. For purposes of the implementation of Part 3.1 (a) of the Project, APIEx, shall make each Matching Grant under a Matching Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:
- (a) The Matching Grant shall be made on a non-reimbursable grant basis.
 - (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
 - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Matching Grant Agreement; and
 - (ii) require each Beneficiary to:
 - (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Safeguard Frameworks (and any Safeguard Document required for the Sub-project pursuant to the Safeguard Frameworks), and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
 - (B) provide, promptly as needed, the resources required for the purpose;
 - (C) procure the goods and services to be financed out of the Matching Grant in accordance with the provisions of Section III of this Schedule;
 - (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;

- (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations, including the operations, resources and expenditures related to the Sub-project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, and permit the Association to make such statements as so audited available to the public, along with the Matching Grant Agreement;
 - (F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and
 - (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. APIEx shall exercise its rights and carry out its obligations under each Matching Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
 4. Except as the Association shall otherwise agree, APIEx shall not assign, amend, abrogate or waive any Matching Grant Agreement or any of its provisions.

E. FONAGA Risk Sharing Facility

1. To facilitate the carrying out of Part 3.2(a) and (b), APIEx shall make the proceeds of the Financing allocated from time-to-time to Category four (4) of the table set forth in Section III of this Schedule, available to FONAGA; under a Risk Sharing Facility Framework Agreement between the APIEx and FONAGA under terms and conditions approved by the Association.
2. APIEx shall exercise its rights under the Risk Sharing Facility Framework Agreement in such manner as to protect its interests and the interests of the Association in order to accomplish the purposes of the Financing.
3. APIEx may not assign, amend, abrogate or waive the Risk Sharing Facility Framework Agreement without the prior written approval of the Association.
4. In the event of any conflict between the provisions of the Risk Sharing Facility Framework Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. Without limitation upon the provisions of Section 3.01 of this Agreement, APIEx shall:
 - (a) carry out Part 3.2(a) and (b) of the Project in accordance with the provisions of this

Agreement, the Risk Sharing Facility Framework Agreement, the Risk Sharing Facility Manual, and the Partial Credit Guarantee Agreements; all on terms and conditions acceptable to the Association; (b) carry out all its obligations and take all actions necessary on its part to enable FONAGA to perform all of FONAGA's obligations under said agreements; (c) not take or permit to be taken any action which would prevent or interfere with such performance; and (d) except as the Association shall otherwise agree, waive said agreements or any provision thereof.

6. APIEx shall, for purposes of Part 3.2(a) and Part 3.2(b) of the Project, entrust FONAGA to open and maintain, on behalf of the Recipient, an account on terms and conditions satisfactory to the Association (the "Risk Sharing Facility Account"). Deposits into, and payments out of the Risk Sharing Facility Account shall be made in accordance with the terms and conditions set forth in this Agreement, the Risk Sharing Facility Framework Agreement and the Risk Sharing Facility Manual.
7. The proceeds of the Financing deposited in the Risk Sharing Facility Account shall be used exclusively for making payments to Participating Banks in case of default by Private Sector Operators under Loan Agreements between Participating Banks and private sector operators participating in the Subsidized Concession Model, all in accordance with the terms of this Agreement, the Risk Sharing Facility Framework Agreement and the Risk Sharing Facility Manual.
8. APIEx may, through FONAGA, refund to the Association any amount on deposit in the Risk Sharing Facility Account, which FONAGA shall have determined will not be required to cover payments due under or in connection with the Partial Credit Guarantee Agreements.
9. APIEx shall, through FONAGA, promptly refund, prior to the Closing Date, to the Association any balance in the Risk Sharing Facility Account remaining after deducting the total amount of commitments under each Partial Credit Guarantee Agreement that has not expired or said agreement has not otherwise terminated in accordance with its terms.
10. Refunds to the Association made pursuant to paragraphs 8 and 9 above or otherwise pursuant to the provisions of the Risk Sharing Facility Framework Agreement shall be credited, prior to the Closing Date, to the Financing Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

F. Commercial Guarantee Mechanism

For the implementation of Part 3.2(e) of the Project, APIEx shall:

- (a) make available a portion of the proceeds under Category four (4) to Guarantee Beneficiaries, on terms and conditions acceptable to the Association and further detailed in the Project Implementation Manual;
- (b) ensure that prior to providing any Commercial Guarantee, have entered, with the respective selected Guarantee Beneficiary, into an agreement ("Guarantee

Agreement”) on terms and conditions acceptable to the Association, including, *inter alia*: (i) the Guarantee Agreement’s expiry date shall be on or before the closing date of the present Agreement; (ii) the obligation of the Guarantee Beneficiary to comply with the pertinent provisions of the Project Implementation Manual, the Safeguard Documents, and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (iii) the right of APIEx to terminate the right of the Guarantee Beneficiary to use the Commercial Guarantee, upon the Guarantee Beneficiary’s failure to perform any of its obligations under the Guarantee Agreement, and/or Project Implementation Manual, including compliance with the Safeguard Documents;

- (c) ensure that the proceeds of Commercial Guarantee shall be used exclusively for eligible expenditures in accordance with the terms of this Agreement, the Project Implementation Manual, and the Guarantee Agreement;
- (d) refund to the Association any amount which APIEx have determined it will not be required to cover payments due under or in connection with the Commercial Guarantee Agreements;
- (e) promptly refund, prior to the Closing Date, to the Association any balance remaining after the commitments under each Commercial Guarantee Agreement has expired or said agreement has otherwise terminated in accordance with its terms; and
- (f) refund to the Association made pursuant to paragraphs (d) and (e) above shall be credited, prior to the Closing Date, to the Financing Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

G. Environmental and Social Standards.

1. APIEx shall ensure that Component one (1) and three (3) of the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, APIEx shall ensure that the that Component one (1) and three (3) of the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, APIEx shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
 4. The Project Implementing Entity shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
 5. The Project Implementing Entity shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports.

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than thirty (30) days, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.