

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4696-BJ

Financing Agreement

(Abidjan-Lagos Trade and Transport Facilitation Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 8, 2010

Public Disclosure Authorized



CREDIT NUMBER 4696-BJ

FINANCING AGREEMENT

AGREEMENT dated April 8, 2010 entered into between REPUBLIC OF BENIN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 credit in an amount equivalent to forty six million and six hundred thousand Special Drawing Rights (SDR 46,600,000) (variously, “Credit” and “Financing”) 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts A, B and C of the Project and shall cause Part D of the Project to be carried by ALCO, all 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 Events of Suspension consist of the following:
- (a) the ALCO Treaty is amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ALCO to perform any of its obligations under the Project Agreement;
 - (b) either the Ghana Financing Agreement or the Togo Financing Agreement fails to become effective by September 30, 2010 or such later date as the Association establishes by notice to the Recipient; or
 - (c) the right to withdraw the proceeds under either the Ghana Financing Agreement or the Togo Financing is suspended, canceled or terminated, in whole or in part, pursuant to the terms of the Ghana Financing Agreement or Togo Financing Agreement, as applicable.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: the Recipient has adopted the Project Implementation Manual.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister responsible for 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)	1-202-477-6391

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

REPUBLIC OF BENIN

By /s/ Idriss L. Daouda

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Joseph Baah-Dwomoh

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to reduce trade and transport barriers in the Recipient's port and on the roads of the Corridor within the Recipient's territory.

The Project, which comprises part of the Program, consists of the following parts:

Part A: Trade Facilitation

1. Facilitation of collection and sharing of relevant information and data among customs agencies along the Corridor through provision of required technical advisory services and rehabilitation of the relevant infrastructure.
2. Establishment of a single trade facilitation window within the Recipient's port aimed at facilitating the handling of all transactions at such port in an efficient and speedy manner.
3. Acquisition of equipment, materials, communication tools and technical advisory services required to: (i) establish a joint border post along the Recipient's border with the Republic of Togo (Hillacondji border post); (ii) support interconnectivity between customs' headquarters and its field offices at the border-posts of Kraké, Hillacondji and the Port of Cotonou; (iii) improve the performance of the Kraké border post located on the Recipient's border with the Federal Republic of Nigeria along the Corridor; and (iv) strengthen the capacity of the Recipient's border agencies to discharge their duties and responsibilities efficiently.
4. Formulation and carrying out of training programs and activities aimed at enhancing the expertise and the abilities of relevant stakeholders involved in the implementation of the Project to discharge their responsibilities for the Project efficiently.
5. Streamlining of customs procedures, formulation of customs procedures manuals and dissemination of the same among the relevant stakeholders.
6. Establishment of an adequate internal reporting system aimed at improving management control of customs agencies' operations.
7. Strengthening of the operational capacity of the Recipient's National Road Transport and Transit Facilitation Committee.

Part B: Improvement of the Corridor's Road Infrastructure

1. Carrying out of technical design and detailed engineering studies for the road improvement and rehabilitation works to be carried out under the Project.
2. (a) Improvement of about 17 km of road on the Godomey-Pahou section along the Corridor (including the improvement of such road to 2x2 lanes within the current right-of-way and pedestrian refuges in the central part thereof and related safety materials and equipment); and (b) supervision of the related civil works.
3. Implementation of social and environmental mitigation measures required in the carrying out of the activities referred to under this Part B.2 of the Project.

Part C: Project Management and Coordination

Provision of technical advisory services and logistical support (including office equipment, materials, supplies and vehicles) required to sustain management and coordination of Project implementation activities including monitoring and evaluation of progress achieved in the execution of the Project.

Part D: HIV/AIDS Programs and Corridor Performance Monitoring

1. Formulation and execution of programs of activities aimed at reducing the impact of HIV/AIDS and preventing the spread of HIV infection among communities established and/or operating along the portion of the Corridor located within the Recipient's territory.
2. (a) Collection and treatment of data required to measure and monitor performance in the areas of trade, transport and HIV/AIDS along the portion of the Corridor located within the Recipient's territory; and (b) wide dissemination of such data across the Recipient's territory and beyond.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall adopt a project implementation manual, in form and substance satisfactory to the Association, outlining the institutional and operational arrangements for implementation of the Project, including procurement procedures, disbursement arrangements, performance indicators, environmental safeguards, monitoring and evaluation arrangements, terms of reference of staff and other administrative, financial and organizational arrangements, as shall have been agreed with the Association (“Project Implementation Manual” or “PIM”), and proceed thereafter to carry out the Project in accordance with the PIM. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the PIM, or permit the PIM or any provision thereof to be assigned, amended, abrogated, or waived; provided, however, that in the event of any conflict between the provisions of the PIM and those of this Agreement, the latter shall prevail.
2. The Recipient shall: (a) maintain a project coordination unit (“PCU”) throughout the implementation period of the Project with functions and responsibilities acceptable to the Association and with staff in adequate numbers whose qualifications and experience shall be at all times acceptable to the Association so as to ensure prompt and efficient implementation of the Project; and (b) ensure that the PCU shall provide policy guidance and overall coordination for implementation of the Project and shall foster communication and cooperation among the relevant stakeholders concerned by the Project or involved in implementation of any Part of the Project.
3. The Recipient shall: (a) carry out Parts A and B of the Project through MOEF and MOT, respectively; under the overall coordination of the PCU; and (b) take all actions or measures required on its part to enable ALCO to carry out Part D of the Project, all in accordance with the provisions of the PIM, the ESIA and the RAP and with respect to ALCO in accordance with the provisions of the Project Agreement.
4. The PCU shall *inter alia*: (a) collate all relevant reports and documentation pertaining to the Project; (b) liaise with ALCO and provide promptly to ALCO all assistance required by ALCO as needed for implementation of Part D of the Project; (c) coordinate procurement processes; (d) monitor compliance with agreed activities implementation schedules; and (e) review all technical and financial reports.

B. Annual Work Plans

The Recipient shall prepare and furnish to the Association for its approval, not later than September 30 in each year during the implementation of the Project or such later date as the Association may agree, an annual work plan covering all activities proposed to be carried out in the following calendar year, together with a budget, including amounts of Recipient counterpart funding and other sources of financing required for the purpose. The Recipient shall afford the Association a reasonable opportunity to exchange views with it on such proposed plan and budget, and thereafter allocate the necessary counterpart funds and implement or cause to be implemented the Project during such following calendar year in accordance with such annual work plan, and on the basis of such budget, as shall have been approved by the Association.

C. Anti-Corruption

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

D. Safeguards

The Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with the ESIA and the RAP, giving details of: (a) measures taken in furtherance of such ESIA and RAP; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESIA and RAP; and (c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall 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 six months, and shall be furnished to the Association not later than sixty (60) 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:
 - (i) reduction in dwell time in the Recipient's port;
 - (ii) reduction in border crossing time for trucks at the Hillacondji-Sanvee Condji border with the Republic of Togo;

- (iii) reduction in border crossing time for trucks at the Kraké-Seme border with the Federal Republic of Nigeria;
 - (iv) establishment and operationalization of a computerized single window in the Recipient's Port of Cotonou; and
 - (v) increase in the percentage of truck drivers reporting use of condoms with a casual partner during the last sexual activity.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months prior to the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained 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 to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Preparation Advance was made. The audited Financial Statements for each such period, shall be furnished to the Association not later than six months after the end of such period.
4. In order to ensure the timely carrying out of the audit referred to above in Part B.3 of this Section II, the Recipient shall, not later than four months following the Effective Date, employ auditors in accordance with the provisions of Section III of this Schedule, for the purpose of carrying out such audits.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project to be financed out of the proceeds of the Financing 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 Section.
2. **Consultants' Services.** All consultants' services required for the Project to be financed out of the proceeds of the Financing 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 Section.
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) Limited International Bidding
(c) Shopping
(d) Direct Contracting

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 the Consultants’ Qualifications
(c) Individual Consultants
(d) Single Source Selection

D. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:
 - (a) each contract for works or non consulting services estimated to cost the equivalent of \$3,000,000 or more procured on the basis of International Competitive Bidding or Limited International Bidding;
 - (b) each contract for goods estimated to cost the equivalent of \$300,000 or more procured on the basis of International Competitive Bidding or Limited International Bidding;
 - (c) each of the first two contracts for works, goods or non consulting services procured on the basis of National Competitive Bidding or Shopping;
 - (d) each contract for goods, works or non consulting services procured on the basis of Direct Contracting; and
 - (e) each of the contracts for consultants’ services estimated to cost the equivalent of \$200,000 or more procured on the basis of Quality and Cost-based Selection or Least-Cost Selection.

2. All terms of reference for consultants’ services shall be subject to the Association’s Prior Review.
3. All Training activities will be carried out on the basis of annual budgets and programs submitted annually for the prior written approval of the Association. Said annual budgets and programs shall identify the general framework of the Training and similar activities for the year, and shall include: (a) the type of Training; (b) the purpose of the Training; (c) the personnel to be trained; (d) the institution or individual who will conduct the Training; (e) the location of the Training; (f) the duration of the proposed Training; and (g) the outcome and impact of the Training.
4. All other contracts shall be subject to Post Review by the Association.

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 (inclusive of Taxes)
(1) Works under Part B of the Project	38,000,000	100%
(2) Other works, goods, consultants’ services, Training and Operating Costs under Parts A, B and C of the Project	7,850,000	100%

(3) Repayment of the Preparation Advances	750,000	Amount payable pursuant to Section 2.07 of the General Condition
TOTAL AMOUNT	46,600,000	

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.
2. The Closing Date is September 30, 2016.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing April 15, 2020 to and including October 15, 2029; and	1%
commencing April 15, 2030 to and including October 15, 2049.	2%

* 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 3.03 (b) of the General Conditions.

APPENDIX**Definitions**

1. “ALCO” means the Abidjan-Lagos Corridor Organization established pursuant to the Additional Protocol for the Fight Against HIV/AIDs dated April 30, 2002 among the Recipient, the Republics of Côte d’Ivoire, Ghana, Togo and Federal Republic of Nigeria.
2. “ALCO Treaty” means (i) the Additional Protocol for the Fight Against HIV/AIDs dated April 30, 2002 among the Recipient, the Republics of Côte d’Ivoire, Ghana and Togo and Federal Republic of Nigeria; (ii) *ALCO Règlement d’Administration Générale* dated 2006; (iii) the Memorandum of Understanding on Transport and Trade Facilitation along the Abidjan Lagos Road Corridor dated September 11, 2007 among the Recipient, the Republics of Côte d’Ivoire, Ghana and Togo and Federal Republic of Nigeria, and Economic Community of West African States (“ECOWAS”) Commission; and (iv) the Memorandum of Understanding on the Facilitation of Road Transport and Transit Along Abidjan-Lagos Corridor dated July 31, 2008 between ALCO and ECOWAS.
3. “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.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
6. “Corridor” means the portion of approximately 1000 km of road extending from the city of Abidjan in the Republic of Côte d’Ivoire to the city of Lagos in the Federal Republic of Nigeria and running along the coast of the Republic of Ghana, the Republic of Togo and the Republic of Benin.

7. “ESIA” means the environmental and social impact assessment and the environmental management plan relating to the Project prepared and adopted by the Recipient and set forth in the document entitled Environmental and Social Impact Assessment (ESIA) (*Rapport d’étude d’impact environnemental et social – Etude de faisabilité technico-économique de la route Hillacondji-Ouidah-Godomey*) dated January 2009, which (a) establishes the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, and (b) sets out a plan which outlines the mitigation measures and other arrangements to be implemented in connection with the Project, as such plan may be amended by the Recipient from time to time in accordance with the terms of this Agreement.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
9. “Ghana Financing Agreement” means the financing agreement entered into or to be entered into between the Republic of Ghana and the Association and related to the financing of certain activities on the portion of the Corridor located on the Republic of Ghana’s territory related to this Project.
10. “HIV/AIDS” means the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome.
11. “MOEF” means the Recipient’s Ministry of Economy and Finance.
12. “MOT” means the Recipient’s Ministry of in charge of public works and transport.
13. “National Road Transport and Transit Facilitation Committee” means the committee established by the Recipient pursuant to Decision A/Dec. 9/01/05 Creating Road Transport and Transit Facilitation and Cross-border Corridor Management Committees in West Africa, dated January 19, 2005 issued by Economic Community of West African States, as the same may be revised from time to time.
14. “Operating Costs” means the incremental expenses incurred by the Recipient based on amounts and budgets approved by the Association, for Project implementation, management, and monitoring, on account of office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance, insurance cost, building and equipment

maintenance, travel, supervision and advertising, salaries of contractual staff but excluding salaries for members of the Recipient's civil service.

15. "PCU" means the project coordination unit referred to under Part I.A. 2 of Schedule 2 to the Financing Agreement.
16. "Preparation Advances" means each advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to (i) a letter agreement signed on behalf of the Association on June 27, 2007 and countersigned by the Recipient on July 23, 2007, and (ii) a letter agreement signed on behalf of the Association on December 18, 2008 and countersigned by the Recipient on January 6, 2009.
17. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
18. "Procurement Plan" means the Recipient's procurement plan for the Project, dated October 6, 2009 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.
19. "Program" means, collectively, the Project and the project described under each of the Ghana Financing Agreement and the Togo Financing Agreement.
20. "Project Implementation Manual" or "PIM" means the project implementation manual referred to in Section I. A.1 of Schedule 2 to this Agreement, including any schedules to the manual, as such manual may be amended by the Recipient from time to time, with the prior written agreement of the Association.
21. "RAP" means the Resettlement Action Plan (*Plan d'action de réinstallation Godomey-Pahou*) prepared and adopted by the Recipient, dated August 2009, in connection with the Project including the addendum thereto published by the Recipient on October 20, 2009.
22. "Togo Financing Agreement" means the financing agreement entered into or to be entered into between the Republic of Togo and the Association and related to the financing of certain activities on the Corridor related to this Project.
23. "Training" means the training of persons involved in Project-supported activities, based on annual budgets and programs approved by the Association in writing, such term including seminars, workshops, conference and study tours, and costs associated with such activity consisting of 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.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. 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 term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“Preparation Advance” means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”