

17-Oct-2024, 2024

H.E. Romuald WADAGNI
Minister of Economy and Finance
Ministry of Economy and Finance
Cotonou
Republic of Benin

**Re: Advance Agreement for Preparation of Proposed Grand
Nokoue Sustainable Urban Mobility Project
Project Preparation Advance No. V5280**

Excellency:

In response to the request for financial assistance made on behalf of Republic of Benin (“Recipient”), I am pleased to inform you that the International Development Association (“Bank”) proposes to extend to the Recipient an advance out of the Bank’s Project Preparation Facility in an amount not to exceed three million five hundred thousand Dollars (\$ 3,500,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to support a holistic and comprehensive integrated approach to enhance urban mobility and freight connectivity, and promote low-carbon transport solutions, sustained by a multimodal public transport network (“Project”) for the carrying out of which the Recipient has requested the Bank’s financial assistance.

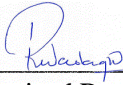
The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Marie-Chantal Uwanyiligira
Marie-Chantal Uwanyiligira
Country Director for Benin
Western and Central Africa Region

AGREED:
REPUBLIC OF BENIN

By 
Authorized Representative
Name Romuald WADAGNI
Title Senior Minister, Minister of Economy and Finance
Date 30-Oct-2024

Enclosures:

- (1) “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022; and
- (2) Disbursement and Financial Information Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 11 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011, and as of July 1, 2016.
- (b) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (c) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated September 1st, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
- (d) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
- (e) “Implementing Entity” means SIRAT.
- (f) “Operating Costs” means the incremental operating expenditures incurred by the Implementing Entity on account of the implementation of the Activities, management, monitoring and evaluation, including office supplies, vehicles operation and maintenance cost, vehicle rental and fuel costs, maintenance of equipment, communication costs, office

rental and moving expenses, utilities expenses, consumables, printing and publication costs, bank charges, transport and accommodation, *per diem*, and salaries of locally contracted support staff (excluding the salaries of Recipient's civil servants) and other miscellaneous costs directly associated with the implementation of the Activities as shall be agreed with the Bank.

- (g) "Procurement Regulations" means, for purposes of paragraph 50 of the Appendix to the Standard Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated September 2023.
- (h) "SIRAT" means *Société des Infrastructures Routières et de l'Aménagement du Territoire S.A.*, a state-owned enterprise, established and operating pursuant to the Recipient's decree No. 2021-638, dated November 24, 2021, or any successor thereto.
- (i) "Standard Conditions" means the "Standard Conditions for Advances Made by the Bank under its Project Preparation Facility", dated August 1, 2022.
- (j) "Training" means the reasonable costs associated with training, study tours and workshop participation under the Activities, consisting of travel and subsistence costs for Training participants, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials

Article II

Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

1. Support to the Institutional arrangement and Governance:
 - (a) carrying out a study of an institutional framework for urban mobility management; and
 - (b) carrying out capacity building initiatives
2. Support to the informal transport sector reform:
 - (a) carrying out studies on the professionalization of the informal transport sector actor; and
 - (b) technical assistance for a pilot on fleet electrification to be financed by the Project
3. Support to the urban mobility activities:
 - (a) carrying out technical and socio-economic feasibility study for a public transport system
 - (b) transaction advisory services to recruit (a) bus operator(s)
 - (c) carrying out studies in mobility and transport infrastructure
4. Environmental and social instruments
 - (a) Preparation and update of the environmental and social instruments for the Project

5. Project management and fiduciary:

- (a) Preparation of the operation, administrative, financial, and accounting procedures manuals for the Project
- (b) Preparation of the procurement strategy/plan for the Project

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall cause the Activities to be carried out by the Implementing Entity in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; (c) the Anti-Corruption Guidelines; and (d) the Subsidiary Agreement.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above:

(a) the Recipient shall make the proceeds of the Advance available to the Implementing Entity under a subsidiary agreement between the Recipient and the Implementing Entity, under terms and conditions approved by the Bank (“Subsidiary Agreement”), including terms whereby the Implementing Entity shall be required to:

- (i) carry out the Activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;
- (ii) update its procedures manual to include fiduciary requirements for Bank financed projects;
- (iii) provide, promptly as needed, the resources required for the purpose;
- (iv) procure goods and services to be financed out of the Advance in accordance with the provisions of this Agreement;
- (v) maintain policies and procedures adequate to enable each to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of the Activities and the achievement of their objectives;
- (vi) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Activities, and (B) at the Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied accounting standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank not later than 6 months after the end of the fiscal year; (C) Prepare interim un-audited financial reports for the Activities and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in the form and substance satisfactory to the Bank;
- (vii) enable the Recipient and the Bank to inspect the Activities, their operation and any relevant records and documents; and
- (viii) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing.

(b) notwithstanding the foregoing, in the event of a conflict among the provisions of the Subsidiary Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

2.04. *Environmental and Social Standards.*

(a) The Recipient shall, and shall cause the Implementing Entity to, ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

(b) Without limitation upon paragraph (a) above, the Recipient shall, and shall cause the Implementing Entity to, ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall, and shall cause the Implementing Entity to, ensure that:

(i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

(ii) sufficient funds are available to cover the costs of implementing the ESCP;

(iii) 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

(iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

(c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) The Recipient shall, and shall cause the Implementing Entity to, ensure that:

(i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, 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 Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

(ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Activities 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.

- (e) The Recipient shall, and shall cause the Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-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 Bank.

2.05. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall ensure that each Activity Report is furnished to the Bank not later than forty-five (45) days after each calendar quarter, covering the calendar quarter.

**Article III
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section, to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services and consulting’ services, Operating Costs, and Training under the Activities	3,500,000	100%
TOTAL AMOUNT	3,500,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is February 16, 2026.

**Article IV
Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V

Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished that the Subsidiary Agreement referred to in Section 2.03 (a) of this Annex has been executed on behalf of the Recipient and the Implementing Entity.

5.02. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

**Article VI
Additional Remedies**

6.01. **Additional Events of Suspension.** The Additional Events of Suspension consist of the following:

- (a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Subsidiary.
- (b) The Project Implementing Entity has failed to perform any obligation under the Subsidiary Agreement.
- (c) 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 Project Implementing Entity to perform any of its obligations under the Subsidiary Agreement.

6.02. **Additional Events of Acceleration.** The Additional Event of Acceleration consists of any of the events specified in paragraphs 4.01 (a) through (c) of Section 5.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Recipient.

**Article VII
Recipient's Representative; Addresses**

7.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister in charge of finance.

7.02. **Recipient's Address.** For purposes of Section 9.01 of the Standard Conditions: (a) the Recipient's Address is:

Ministry of Economy and Finance
B.P. 302
Cotonou
Republic of Benin

(b) the Recipient's Electronic Address is:

Telex:	Facsimile:
5009 MINFIN or 5289 CAA	(229) 30 18 51 (229) 31 53 56

7.03. **Bank's Address.** For purposes of Section 9.01 of the Standard Conditions: (a) the Bank's Address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	[E-mail:]
248423 (MCI) or 64145 (MCI)	1-202-477-6391	_____