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**GRANT NUMBER H599-BJ**

# **Financing Agreement**

**(Additional Financing for National Community-Driven Development Support  
Project)**

**between**

**REPUBLIC OF BENIN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 22, 2010**

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**GRANT NUMBER H599-BJ**

**FINANCING AGREEMENT**

AGREEMENT dated July 22, 2010, entered into between REPUBLIC OF BENIN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 grant in an amount equivalent to eight million Special Drawing Rights (SDR 8,000,000) (“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.
- 2.05. The Payment Dates are April 1 and October 1 in each year.
- 2.06. 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 the Project through PES in accordance with the provisions of Article IV of the General Conditions.

- 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 Commune Laws governing the operations of Communes; the CNDCC Decree governing the operations of CNDCC, including the CNDCC Bureau; the PES Order governing the operations of PES; or the Recipient's Law No. 2001-07 dated May 9, 2001 and/or the Recipient's Decree No. 2003-096 dated March 20, 2003, governing public contract management shall have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the implementation of the Project.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following: The Recipient has contracted the FA in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
- 5.02. The Effectiveness Deadline is the date falling one hundred 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 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:

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

Cable address:	Telex:	Facsimile:
MINFINANCES Cotonou	5009 MINFIN or 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// Madani M. Tall**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objectives of the Project are to (i) increase the utilization of the community-driven development approach, and (ii) improve access for the poorest communities to basic social and financial services, in the Recipient's territory.

The Project consists of the following parts:

#### **Part A: Capacity Building for Ministries, Decentralized Local Governments, and Local Communities to Implement Community-Driven Development Activities**

1. Strengthening of the institutional capacities of the public sector, at the central and local levels, to develop and implement community-driven development strategy, policies and program through:
  - (a) elaboration of the community-driven development strategy and policies, and the preparation of the related legal framework, through: (i) the provision of technical advisory services to CNDCC and selected ministries; (ii) the provision of training to the staff of CNDCC and selected ministries for, *inter alia*, monitoring and evaluation of community-driven development programs; and (iii) carrying out national and regional workshops to discuss community-driven development issues and Project implementation; and
  - (b) strengthening of the institutional and technical capacities of selected ministries to implement community-driven development activities, through: (i) the provision of technical advisory services to such ministries to realign their activities with decentralization; (ii) the preparation of a tool-kit for each such ministry for the information of Communes and local communities regarding norms and standards in the sectors covered by such ministries, and standard documentation for community-driven development activities in such sectors; and (iii) the provision of training to the staff of such ministries at the national and decentralized levels in, *inter alia*, the following subject matters: elaboration of operational plans for decentralization of the selected ministries in line with community-driven development approach, participation in the participatory process of community-driven development approach by Communes and local communities, and technical advisory services to be provided by the sector ministries to Communes and local communities regarding community-driven development.

2. Strengthening the technical capacities of selected Communes to implement community-driven development activities at the local (Communes and villages) level through the provision of technical advisory services, and the provision of training to the elected officials and the communal staff, including the carrying out of workshops and study tours.
3. Strengthening the technical capacities of local communities to plan and implement subprojects within the CDPs through:
  - (a) implementation of a grass-roots management training program, consisting of: (i) the provision of technical advisory services to targeted communities by professional trainers and/or field workers to prepare a training package to develop the skills of local communities to implement community-driven activities; (ii) the preparation, production and acquisition of training materials; (iii) the carrying out, by the trainers, of training of targeted local communities; and (iv) the carrying out of study tours;
  - (b) supporting the preparation and implementation of subprojects by local communities through the provision of technical advisory services by Technical Support Agencies as needed;
  - (c) implementation of an advocacy training program to reach the most vulnerable groups, through: (i) the provision of technical advisory services to prepare the program and elaborate specific proposals; (ii) the carrying out of workshops to build consensus and share information among vulnerable groups; (iii) the carrying of study tours; and (iv) the provision of technical advisory services to implement the proposals; and
  - (d) ex-post evaluation of the activities to be carried out under the subparagraphs (a), (b) and (c) above, through the provision of technical advisory services and the carrying out of workshops.
4. Strengthening the technical capacities at all levels to provide analysis on, monitoring and evaluation of, and communication on, the activities to be carried out under the Project, through:
  - (a) monitoring and evaluation of the activities to be carried out under the Project, through: (i) the provision of training to selected ministries, relevant Communes and local communities regarding the importance of having and using a monitoring and evaluation system, including data-gathering, analysis and self-evaluation; (ii) the acquisition of a comprehensive information system for data processing for PES, and the acquisition of information system equipment for selected ministries and Communes; (iii) the provision of technical advisory services to PES for

the creation of a database regarding the monitoring and evaluation activities under the Project, the carrying out of beneficiary assessment surveys before the Project midterm review and Project end, and the dissemination of data to all stakeholders; and (iv) the carrying out of workshops; and

- (b) preparation and implementation of a communication strategy regarding the activities implemented under the Project, through the provision of technical advisory services to PES, the carrying out of workshops, the provision of training to the staff of selected ministries, and relevant Communes and local communities, and the acquisition and dissemination of information materials.

### **Part B: Improving Access of the Poor to Basic Services and Infrastructure**

1. Provision of Communal Grants to Communal Beneficiaries for the financing of Subprojects to support development at the Commune level by addressing multi-village issues, including, *inter alia*, the financing of nursery and primary education activities other than construction, *Arrondissement* health posts, small-scale water management schemes including Small Dams, water networks and inter-village rural roads to be used by several villages within the territory of the Communal Beneficiaries.
2. Provision of Local Community Grants to Local Community Beneficiaries for the financing of Subprojects to support development addressing local community issues, including, *inter alia*, the financing of nursery and primary school facilities, village health posts, small-scale water management schemes, including Small Dams, connections to water networks, wells, and village-connecting rural local roads.

### **Part C: Improving Access of the Poor to Financial Services for Income-Generating Activities**

1. Provision of Microfinance Grants to Microfinance Beneficiaries for the financing of Subprojects to improve their capacities to provide financial products and services to poor communities, including, *inter alia*, the financing of the costs incurred by the Microfinance Beneficiaries in connection with the decentralization of their activities, the training provided by the Microfinance Beneficiaries to local communities, and the provision of technical advisory services to the Microfinance Beneficiaries.
2. Provision of Advisory Service Grants to Local Community Beneficiaries for the financing of Subprojects, consisting in the provision of technical advisory services to strengthen the technical capacities of the Local Community Beneficiaries to improve existing income-generating activities or to engage in



new income-generating activities with the possible financial support provided by microfinance institutions.

**Part D: Support to Project Management**

1. Supporting the PES's Project management through the provision of technical advisory services, *inter alia*, by FA, the rehabilitation of offices, and the acquisition of equipment and vehicles.
2. Supporting the implementation of the Environmental and Social Management Framework and the Resettlement Policy Framework, through: (a) the provision of training to the relevant ministries, Communes and local communities; and (b) the provision of technical advisory services for the preparation of the environmental assessments for the Subprojects to be carried out under Part B of the Project.
3. Carrying out financial and technical audits of the Project, CNDCC, and PES, through the provision of technical advisory services.

**Part E: Technical Assistance for Development of an Efficient Social Safety Net System**

1. Carrying out of a technical assistance program to strengthen the Recipient's Social Safety Nets; such program to include (i) review of the existing Social Safety Nets; (ii) review the Recipient's needs in terms of Social Safety Nets, update information on possible target groups for Social Safety Nets, and define appropriate instruments for each such target group; (iii) preparation of an action plan to improve the cost-effectiveness of existing Social Safety Nets and assist with the development of new Social Safety Nets.
2. Carrying out of a technical assistance program to develop a Cash Transfer Program in the Recipient's territory; such program to include (i) feasibility studies specifying design parameters for a Cash Transfer Program (i.e., potential coverage, benefit levels, methods of targeting, monitoring and evaluation mechanisms, etc.); (ii) studies/assessments on an appropriate implementation arrangement for such Cash Transfer Program, including institutions involved in the implementation of the potential pilot program; and (iii) development of a staff capacity building plan for the proper management and administration of the potential Cash Transfer Program.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. General Institutional and Implementation Arrangements

The provisions of Schedule 4 to the Original Financing Agreement (including defined terms therein, unless otherwise defined herein) shall apply to this Agreement, *mutatis mutandis*.

##### B. Anti-Corruption

The Recipient shall ensure that the Project (including each Subproject) is carried out in accordance with the provisions of the Anti-Corruption Guidelines. To this end, and without limitation upon the provisions of Section I.A of this Schedule, the Recipient shall ensure that all Sub-financing Agreements shall: (a) include the right of the Recipient to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing, or obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement; and (ii) require each Beneficiary to: (A) carry out its Subproject 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 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, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement; (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 Subproject 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 the operations, resources and expenditures related to the Subproject; 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.

**C. Fiduciary Agency**

In order to ensure the proper fiduciary management of the Project, the Recipient shall engage a fiduciary agency in accordance with the provisions of Section III of this Schedule to provide assistance to PES, at central and decentralized levels, for all financial and fiduciary aspects of Project implementation

**D. Safeguards**

1. Without limitation upon the provisions of Section I.A of this Schedule, the Recipient shall carry out the Project (and cause each Subproject to be carried out) in accordance with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework, and, wherever applicable for the purpose of any activity and prior to the implementation thereof, and in accordance with Section I.D of this Schedule, (i) prepare, (ii) furnish to the Association, and (iii) disclose and implement, Environmental and Social Management Plans and/or Resettlement Action Plans (as the case may be) in accordance with the Environmental and Social Management Framework and the Resettlement Policy Framework (as applicable).
2. The Recipient shall monitor and regularly report to the Association, including through the Project Reports referred to in Section II of this Schedule, the status of compliance with the Environmental and Social Management Framework and the Resettlement Policy Framework (as applicable) (including any Environmental and Social Management Plans, Resettlement Action Plans and other plans prepared under paragraph of this Section I.D, giving details of: (i) measures taken or to be taken in accordance with the said frameworks and plans; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the said frameworks and plans; and (iii) remedial measures taken or to be taken to address such conditions.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

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 indicators acceptable to the Association and set forth in the Project Implementation Manual. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

**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 45 days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, 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. 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.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and 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 and 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:

<b>Procurement Method</b>
(a) National competitive Bidding;
(b) Shopping; and
(c) Community Participation procedures which have been found acceptable to the World Bank and are elaborated in the Procurement Plan.

**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.

<b>Procurement Method</b>
(a) Selection under a Fixed Budget;
(b) Least Cost Selection;
(c) Selection based on Consultants' Qualifications;
(d) Single-source Selection; and
(e) Selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. 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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, consultants’ services, Training and Operating Costs for Parts A, D and E of the Project	1,250,000	100%
(2) Grants for Subprojects under Parts B and C of the Project	6,750,000	100% of amounts disbursed
<b>TOTAL AMOUNT</b>	8,000,000	100%

**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, 2011.

**Section V. Amendments to Original Financing Agreement**

- A. The Original Financing Agreement is amended as follows:
1. the closing date specified in Section 2.03 of the Original Financing Agreement (i.e., May 30, 2010) is deleted and replaced by the Closing Date (i.e., September 30, 2011);
  2. Schedule 2 (*Project Description*) of the Original Financing Agreement is deleted in its entirety and replaced by Schedule 1 (*Project Description*) to this Agreement;
  3. Schedule 7 (*Performance Indicators*) of the Original Financing Agreement is deleted in its entirety and shall be replaced by indicators acceptable to the Association and set forth in the Project Implementation Manual; and
  4. the Recipient acknowledges and agrees that notwithstanding the terms and conditions of the Original Financing Agreement and to the extent that the Initiation of Procurement Process in respect of a good, work or consultants' service required for the Project (and to be financed, at least in part, out of the proceeds of the Original Financing) occurred on or after March 29, 2010; then the provisions of this Agreement set forth or referred to in: (a) Section I.B (*Anti-Corruption*), as relevant, of this Schedule (including the related provisions under the General Conditions) shall apply to the proceeds of the Original Financing utilized to finance such good, work or consultants' service, and (b) Section III (*Procurement*) of this Schedule (including the related provisions under the General Conditions) shall apply to the procurement of such good, work or consultants' service.

**Section VI. Procurement Commenced under the Original Financing Agreement Prior to March 29, 2010 to be Financed under this Financing Agreement**

Notwithstanding the terms and conditions of this Agreement (namely, Section III (*Procurement*) and Section I.B (*Anti-Corruption*) of this Schedule 2) and to the extent that the Initiation of Procurement Process in respect of a good, work or consultants' service required for the Project (and to be financed out of the proceeds of the Financing) occurred prior to March 29, 2010; and (ii) there are no proceeds remaining under the Original Financing to finance such good, work or consultants' service; then, on an exceptional basis only and subject to the Association's prior no-objection, Section I.B of this Schedule 2 shall not apply to the proceeds of the Financing utilized to finance such good, work or consultants' service, and Section III of this Schedule shall not apply to the procurement of such good, work or consultants' service; provided, however, that the provisions of Schedule 3 (*Procurement*) to the Original Financing Agreement shall apply to the procurement of such good, work or consultants' service.

## APPENDIX

### Section I. Definitions

1. “Advisory Service Grant” means a grant made, or proposed to be made, by PES to finance a Subproject under Part C.2 of the Project.
2. “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 with the modifications set forth in Section III of this Appendix.
3. “*Arrondissement*” means an administrative area of the Recipient, established pursuant to the Recipient’s Law No. 97-029 dated January 15, 1999, representing a designated area and population within the territory of the Recipient.
4. “Beneficiary” means a Communal Beneficiary, a Local Community Beneficiary, or a Microfinance Beneficiary (as these terms are defined in the Original Financing Agreement).
5. “Cash Transfer Program” means a program designed to provide assistance in the form of a cash transfer to the poor (or to those who face a probable risk of falling into poverty in the absence of such transfer).
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “CDP” means the Communal Development Plan prepared and adopted by each Commune pursuant to Article 84 of the Recipient’s Law No. 97-029 dated January 15, 1999.
8. “CNDCC” means *Comité National de Développement Conduit par les Communautés*, National Committee for Community-Driven Development, established and operating pursuant to the Recipient’s Decree No. 2004 - 476 (the CNDCC Decree), dated August 27, 2004, and referred to in Sections I.A.2 and I.A.4 of Schedule 2 of the Original Financing Agreement.
9. “CNDCC Bureau” means the Bureau of the CNDCC, established and operating pursuant to the CNDCC Decree, and referred to in Sections I.A.2 and I.A.4 of Schedule 2 of the Original Financing Agreement.
10. “Communal Beneficiary” means a Commune which has met the eligibility criteria set out in the Project Implementation Manual and the requirements of Section I.B of Schedule 2 of the Original Financing Agreement and, as a result, has received or is entitled to receive a Communal Grant for the carrying out of a Subproject under Part B.1 of the Project.



11. “Communal Grant” means a grant made, or proposed to be made, by PES to finance a Subproject under Part B.1 of the Project.
12. “Commune” means the lowest level of decentralized local government established and operating pursuant to the Recipient’s Laws No. 97-028 and No. 97-029, both dated January 15, 1999 (the Commune Laws).
13. “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 and May 2010.
14. “Displaced Person” means any person who, on account of the execution of a Subproject, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
15. “Environmental and Social Management Framework” means the document, dated January 26, 2004, which: (i) sets out the modalities to be followed by the Recipient in assessing the potential adverse environmental and social impacts of a Subproject, and the measures to be taken to offset, reduce or mitigate such adverse impacts; and (ii) consists, *inter alia*, of the following sections: environmental and social screening process for Subprojects, guidance for the operation of water management structures, guidance for effective pest management, environmental and social management plan, and medical waste management plan.
16. “Environmental and Social Management Plan” means the document to be prepared by the Recipient in connection with any activity under a Subproject pursuant to the Environmental and Social Management Framework, (i) describing the potential adverse environmental and social impacts of such activity during planning, design, construction and operation, and (ii) outlining monitoring and mitigation measures, as well as institutional arrangements and budget for carrying out these measures.
17. “FA” means the fiduciary agency to be engaged by the Recipient in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
18. “Fiscal Year” means the Recipient’s fiscal year commencing on January 1 and ending on December 31 of the same year.

19. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
20. “Initiation of Procurement Process” means, in connection with the procurement of a good, work or service, the date on which the invitation to bid or the quote requested for such good or work or the request for proposals for such service is issued.
21. “Local Community Beneficiary” means a community-based organization established and operating under the laws of the Recipient, which has met the eligibility criteria set out in the Project Implementation Manual and the requirements of Sections I.C or I.E, as the case may be, of Schedule 2 of the Original Financing Agreement and, as a result, has received or is entitled to receive a Local Community Grant for the carrying out of a Subproject under Part B.2 of the Project, or an Advisory Service Grant for the carrying out of a Subproject under Part C.2 of the Project, respectively.
22. “Local Community Grant” means a grant made, or proposed to be made, by PES to finance a Subproject under Part B.2 of the Project.
23. “MCPD” means *Ministère Chargé du Plan, de la Prospective et du Développement*, the Recipient’s Ministry of Planning and Development.
24. “Microfinance Beneficiary” means a microfinance institution established and operating under the laws of the Recipient, which has met the eligibility criteria set out in the Project Implementation Manual and the requirements of Section I.D of Schedule 2 of the Original Financing Agreement and, as a result, has received or is entitled to receive a Microfinance Grant for the carrying out of a Subproject under Part C.1 of the Project.
25. “Microfinance Grant” means a grant made, or proposed to be made, by PES to finance a Subproject under Part C.1 of the Project;
26. “NGO” means a non-governmental organization, established and operating under the laws and in the territory of the Recipient.
27. “Operating Costs” means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, vehicle operation and maintenance, office equipment maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, *per diem*, supervision costs and salaries of locally contracted staff, but excluding salaries of officials of the Recipient’s civil service.

28. “Original Financing” means the financing provided under the Original Financing Agreement.
29. “Original Financing Agreement” means the development credit agreement for a National Community-Driven Development Support Project between the Recipient and the Association, dated November 4, 2004 (Credit No. 3990-Ben and Grant No. H128-Ben).
30. “Original Project” means the Project described in the Original Financing Agreement prior to the Effective Date of this Agreement.
31. “PES” means the Project Executive Secretariat at MCPPD, established pursuant to Order 2005 No. 17/MCPD/DC/SGM/SA dated April 26, 2005 modifying Order No. 47/MCPD/DC/SGM/SA dated December 31, 2004 creating the Project Executive Secretariat (the PES Order), and referred to in Section I.4 (a) of Schedule 2 of the Original Financing Agreement.
32. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
33. “Procurement Plan” means the Recipient’s procurement plan for the Project dated February 28, 2010 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.
34. “Project Implementation Manual” means the manual adopted by the Recipient pursuant to the Original Financing Agreement which outlines, *inter alia*, the institutional, disbursement, procurement, and environmental and social management arrangements for the implementation of the Project, referred to in Section I.A.1 of Schedule 2 to the Original Financing Agreement, as the same may be amended from time to time in accordance with the terms of this Agreement.
35. “Recipient’s Financing” means the yearly amount referred to in Section I.F.2 of Schedule 2 of the Original Financing Agreement.
36. “Resettlement Action Plan” means the document to be prepared by the Recipient in connection with any activity under a Subproject pursuant to the Resettlement Policy Framework, defining a program of actions, measures and policies for compensation and resettlement of Displaced Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the Resettlement Action Plan.

37. “Resettlement Policy Framework” means the document, dated January 26, 2004, defining the modalities for land acquisition, resettlement and rehabilitation of Displaced Persons under a Subproject.
38. “Small Dam” means a dam not higher than three meters.
39. “Social Safety Net” means non-contributory transfer programs seeking to prevent the poor (or those vulnerable to shocks and poverty) from falling below a certain poverty level.
40. “Sub-financing Agreement” means the sub-financing agreement to be entered into between the Recipient and a Communal Beneficiary, a Local Community Beneficiary, a Microfinance Beneficiary, as the case may be, for the purposes of carrying out and financing a Subproject.
41. “Subgrant” means a Communal Grant, a Local Community Grant, a Microfinance Grant, or an Advisory Service Grant (as such terms are defined in the Original Financing Agreement).
42. “Subproject” means specific activities financed, or proposed to be financed through a Communal Grant or the Recipient’s Financing, as the case may be, under Part B.1 of the Project, a Local Community Grant or the Recipient’s Financing, as the case may be, under Part B.2 of the Project, a Microfinance Grant under Part C.1 of the Project, or an Advisory Service Grant under Part C.2 of the Project.
43. “Technical Support Agency” means an NGO or any other private or public sector entity providing assistance to local communities for, *inter alia*, the identification, appraisal and preparation of Subprojects, and for the supervision and the implementation of such Subprojects.
44. “Training” means the expenses incurred for *per diem*, travel, purchase of training materials and rental of facilities, and includes workshops and seminars.

**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. Paragraph (l) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (l) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. 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:

( ) 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”

**Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:
  - “(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
  
2. Section 11(a) is modified to read as follows:
  - “(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn 13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”