

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED

March 22, 2011

H. E. Idriss L. Daouda
Minister of Economy and Finance
Ministry of Economy and Finance
Cotonou
Benin

Re: Republic of Benin: IDF Grant for Systemic Legal and Judicial
Reforms Project
IDF Grant No. TF098975

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Benin (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient a grant from the World Bank’s Institutional Development Fund (“IDF”) in an amount not to exceed four hundred twenty seven thousand nine hundred eighty five United States Dollars (U.S.\$ 427,985) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the

World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By _____
//s// Madani M. Tall
Country Director for Benin
Africa Region

AGREED:
REPUBLIC OF BENIN

By //s// Idriss L Daouda
Authorized Representative

Name H.E. Idriss L Daouda

Title Minister of Economy and Finance

Date: March 22, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
- (3) Guidelines: "Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the Bank in January 2011
- (4) Guidelines: "Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", published by the World Bank in January 2011
- (5) 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

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”) 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 Agreement, and the following additional terms have the following meaning:

(a) “Procedures Manual” means the procedures manual adopted by the Recipient and which is in form and substance satisfactory to the World Bank, outlining the Project’s arrangements and procedures relating to, *inter alia*, implementation, organization, administration, monitoring and evaluation, financial management, disbursement, and procurement.

(b) “Project Implementation Agency” or “PIA” means the agency referred to in Section 2.03(a) of the Annex to this Agreement.

(c) “Steering Committee” means the committee referred to in Section 2.03(b) of the Annex to this Agreement.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve the reporting, analysis, and investigation of suspicious transaction reports (“STRs”) by the private sector and key governmental agencies involved in anti-money laundering and counter-terrorism financing (“AML/CFT”) in the Recipient’s territory, including the judiciary. The Project consists of the following parts:

Part 1: Building the operational capacities of the Recipient’s *Cellule Nationale de Traitement des Informations Financières* (“CENTIF”) relating to the processing of STRs through, *inter alia*, (i) technical assistance; (ii) the provision of technical equipment and software; and (iii) training.

Part 2: Building the capacity of targeted entities (e.g., banks, insurance companies, security firms, micro finance institutions, and other financial services providers, as well as non financial services providers such as lawyers, notaries, accountants, NGOs, etc.) on AML/CFT laws and regulations (including, on identifying customers, monitoring and keeping records of customer transactions and reporting any suspicion to the CENTIF if and when necessary) through, *inter alia*, training, technical assistance on drafting

AML/CFT focused procedures and guidelines, dissemination and awareness campaign relating to AML/CFT (with a particular focus on the insurance sector).

Part 3: Building the capacity of targeted law enforcement agencies (e.g., (police, gendarmerie, and customs officers, public prosecutors, investigating magistrates (*Juges d'Instruction*) and sitting judges) on AML/CFT laws and regulations in order to properly investigate, prosecute and judge cases involving money laundering and terrorism financing through, *inter alia*, training and technical assistance on AML/CFT procedures and guidelines (including in connection with the asset forfeiture rights and procedures arising from implementation of AML/CFT laws and regulations and the mechanisms for the administration of such seized and confiscated assets).

Part 4: Supporting the CENTIF's overall day-to-day implementation, visibility, coordination and fiduciary management (including financial management, monitoring and evaluation, procurement, safeguards) of the Project.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, through CENTIF (Project Implementing Agency), in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. ***Institutional and Other Arrangements***

(a) **Institutional Arrangements.** The Recipient shall, throughout the period of implementation of the Project, maintain, CENTIF with terms of reference, staffing and resources acceptable to the World Bank, to be responsible for the day-to-day implementation and overall oversight of the Project.

(b) The Recipient shall maintain, throughout the period of Project implementation, with terms of reference and resources satisfactory to the World Bank, the Steering Committee, comprised of representatives from the Recipient's Ministries of Finance, Justice, Interior and Defense, and CENTIF, vested with the responsibility to oversee the overall performance of the Project.

(c) **Procedures Manual.** (i) The Recipient shall: (1) ensure that the Project is carried out in accordance with the Procedures Manual; and (2) not assign, amend, abrogate, waive, or otherwise modify, or permit to be assigned, amended, abrogated, waived, or otherwise modified the aforementioned, or any provision thereof, except as the World Bank shall otherwise agree in writing; and (ii) in the event of any conflict between the provisions of the Procedures Manual and those of this Agreement, this Agreement shall prevail.

2.04. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank's request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank's request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

- (i) Number of suspicious transaction reports filed by the non-banks and non-financial reporting entities.
- (ii) Number of suspicious transaction reports analyzed by the CENTIF.
- (iii) Percentage of participants of the workshops on investigation and prosecution of money laundering cases successfully completing a knowledge test.
- (iv) Feedback from the public prosecutor on quality of suspicious transaction reports on a 5-point rating.

(c) The Recipient shall, upon the World Bank's request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) **General.** All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of goods and works; and

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods.

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) Other than the National Competitive Bidding, Shopping may be used for procurement of goods for those contracts specified in the Procurement Plan.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection; (D) Selection of Individual Consultants; and (E) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures***. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Consultants' Services (audit)	300,823	100%
(2) Training and Workshop	127,162	
TOTAL AMOUNT	427,985	

For the purposes of this Section the term "Training" means the reasonable costs of training under the Project, based on the annual work plans and budget acceptable to the World Bank, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers (other than consultants' services), rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

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. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Recipient's minister in charge of finance.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

MINFINANCES
Cotonou

5009 MINFIN or
5289 CAA

(229) 21 30 18 51
(229) 21 31 53 56

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
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