



---

CREDIT NUMBER 5597-BJ

# Financing Agreement

(Tenth Poverty Reduction Support Development Policy Financing)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 05 OCT 2015, 2015

---

**FINANCING AGREEMENT**

Agreement dated 05 OCT 2015, 2015, entered into between the REPUBLIC OF BENIN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 fourteen million and two hundred thousand Special Drawing Rights (SDR 14,200,000) (variously, "Credit" and "Financing").
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.08. The Payment Currency is Euro.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
  - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
  - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

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

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its Minister of Economy, Finance and Denationalization Programs.

6.02. The Recipient's address is:

*Ministère de l'Economie, des Finances et des Programmes de Dénationalisation*  
B.P. 302  
Cotonou  
République du Benin

Cable:	Telex:	Facsimile:
MINFINANCES	5009 MINFIN or	(229) 21 30 18 51
Cotonou	5289 CAA	(229) 21 31 53 56

6.03. The Association's Address is:

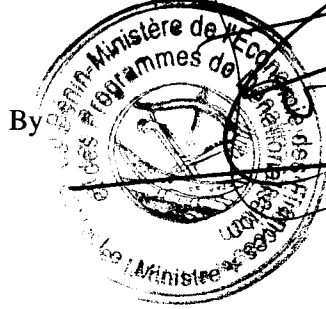
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS	248423(MCI)	1-202-477-6391
Washington, D.C.		

AGREED at *Washington DC, USA*, as of the day and year first above written.



REPUBLIC OF BENIN



By

*[Handwritten signature]*

Authorized Representative

Name: Komi Koutché

Title: Ministre d'État chargé de l'Économie des Finances et des programmes de Nationalisation

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

*[Handwritten signature: Katrina Shanley]*  
Authorized Representative

Name: Katrina N. Shanley

Title: Country Manager

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

##### A. Promoting Good Governance and High-Quality Public Financial Management

###### 1. *Budget Execution and Transparency*

The Recipient has adopted and published the Transparency Code Directive (*Décret portant transposition de la Directive portant Code de Transparence dans la gestion des finances publiques en République du Benin*), as evidenced through Decree No. 2015-035 dated January 29, 2015, published on the Recipient's Official Gazette on February 3, 2015.

###### 2. *Budget Execution and Public Accounting*

The Recipient has adopted and published: (i) the regulation for the enactment and implementation of the General Rules of Public Accounting (*Règlement général sur la comptabilité publique*), as evidenced through the Decree No. 2014-571 dated October 7, 2014, published on the Recipient's Official Gazette on February 2, 2015; (ii) the regulation for the enactment and implementation of the Budget Nomenclature (*Nomenclature budgétaire de l'Etat*), as evidenced through the Decree No. 2014-794 dated December 31, 2014, published in the Recipient's Official Gazette on February 2, 2015; (iii) the Recipient's Financial Operation Table (*Tableau des Opérations Financières de l'Etat*), as evidenced through Decree No. 2014-573 dated October 7, 2014, published in the Recipient's Official Gazette on February 3, 2015; and (iv) the regulation establishing the Public Accounting Plan (*Plan Comptable de l'Etat*), as evidenced through the *Arrêté* No. 0410-c/MEFPD/DC/SGM/DGTCP/SP dated February 2, 2015, published in the Recipient's Official Gazette on February 3, 2015.

###### 3. *Public Procurement*

The Recipient has adopted and published a decree authorizing the partial delegation of contract approval and signature to sector ministers in line with the thresholds assigned to ministerial procurement units (*Décret portant délégation partielle du pouvoir d'approbation des marchés publics aux Ministres*), as evidenced through Decree No. 2014-546 dated September 12, 2014, published in the Recipient's Official Gazette on February 2, 2015.

###### 4. *Governance and Asset Declaration*

The Recipient has completed asset declarations for its serving Ministers which have been received by ANLC as evidenced through the letter from ANLC No. 028/ANLC/PT/SPe/SA/2015 dated January 7, 2015.

###### 5. *Governance and ANLC Financing Regulations*

The Recipient has adopted and published a decree specifying financing regulations for ANLC (*Règlement financier de l'Autorité Nationale de Lutte contre la Corruption*), as evidenced through

Decree No. 2014-338 dated May 30, 2014, published in the Recipient's Official Gazette on February 2, 2015.

**6. Governance and Customs Administration**

The Recipient has: (i) strengthened and reinforced internal controls within its customs administration by hiring three additional inspectors as evidenced through the Recipient's regulation (*Arrêté portant affectation du personnel de la Direction Générale des Douanes et Droits Indirects*) No. 0890-c/MEFPD/DC/SGM/DGDDI dated November 18, 2014, published in the Recipient's Official Gazette on February 2, 2015; and (ii) created a specialized internal audit unit within its inspection services (*Inspection Générale des Services*) as evidenced through the Recipient's regulation (*Arrêté portant attribution, organisation et fonctionnement de la Direction Générale des Douanes et Droits Indirects*) No. 0197/MEFPD/DC/SGM/DGDDI dated January 23, 2015 and published in the Recipient's Official Gazette on February 4, 2015.

**7. Governance and Data Publication**

The Recipient has disclosed data from the following surveys and census RGPH3; RGE2; EMICoV; and ETVA as evidenced through the publication of said data on the INSAE website: (<http://nada.insae-bj.org/index.php/note-information>) as confirmed through the Recipient's letter from its Ministry of Development, Economic Analysis and Prospective No. 004-c/MDAEP/DC/SGM/INSAE/SP dated January 7, 2015.

**B. Strengthening Private Sector Competitiveness**

**8. Competition**

The Recipient has submitted for approval to its National Assembly, the bill for the Competition Act (*Projet de Loi portant organisation de la concurrence*) as evidenced through the Recipient's Decree No. 2014-549 dated September 2014 (*Décret portant transmission à l'Assemblée Nationale du projet de loi portant organisation de la concurrence*) transmitting such bill to said National Assembly as published in the Recipient's Official Gazette on February 2, 2015.

**9. Tax Regime for Small- and Micro-sized Enterprises**

The Recipient has included in the 2015 national budget a simplified turnover-based tax regime for small- and micro-sized enterprises (*Taxe professionnelle synthétique*) as evidenced through its Budget Law (*Loi de finances pour la gestion 2015, Titre Unique, Chapitre Unique*) Law No. 2014-25 dated December 23, 2014, published in the Recipient's Official Gazette on February 4, 2015.

**10. Cotton Sector Reform**

The Recipient has made the audit report undertaken for the 2012-2013 cotton campaign available for stakeholders (*Transmission du rapport relatif à l'audit de la campagne cotonnière 2012-2013*) as evidenced through letters dated January 15, 2015 sent to said stakeholders (N/Ref0065-c MEFPD/DC/CSPEF/SP; N/Ref0066-c MEFPD/DC/CSPEF/SP; N/Ref0067-c

MEFPD/DC/CSPEF/SP;	N/Ref0068-c	MEFPD/DC/CSPEF/SP;	N/Ref0069-c
MEFPD/DC/CSPEF/SP;	N/Ref0070-c	MEFPD/DC/CSPEF/SP;	N/Ref0071-c
MEFPD/DC/CSPEF/SP;	N/Ref0072-c	MEFPD/DC/CSPEF/SP;	N/Ref0073-c
MEFPD/DC/CSPEF/SP).			

11. ***Agricultural Diversification***

The Recipient has adopted and published a regulation nominating the board members and director general of FNDA, as evidenced through Decree No.2015-037 dated February 2, 2015, published in the Recipient's Official Gazette on February 3, 2015 and through the Regulation from the Recipient's Ministry in charge of agriculture, livestock and fisheries (*Arrêté* No. 2014/589/MAEP/DC/SGM/DRH/SA dated November 28, 2014, published on the Recipient's Official Gazette on February 4, 2015.

12. ***Port Reform***

The Recipient has taken appropriate measures to upgrade the customs informatics system (*Convention de mise en oeuvre du SYDONIA WORLD*) as evidenced through the agreement signed between the United Nations Conference on Trade and Development and the Recipient on January 6 and 23, 2015.

13. ***Customs Reform***

The Recipient has adopted and published a new Customs Code (*Code des Douanes*) as evidenced through the Recipient's Law No. 2014-20 dated September 12, 2014 (*Loi portant Code des Douanes en République du Benin*) published in the Recipient's Official Gazette on November 3, 2014.

**Section II. Availability of Financing Proceeds**

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
(1) Single Withdrawal Tranche	14,200,000
<b>TOTAL AMOUNT</b>	<b>14,200,000</b>



**C. Withdrawal Tranche Release Conditions**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied with: (a) the Program being carried out by the Recipient, and (b) the adequacy of the Recipient's macroeconomic policy framework.
2. If, after this exchange of views, the Association is not so satisfied, it may give notice to the Recipient to that effect and, if within ninety (90) days after the notice, the Recipient has not taken steps satisfactory to the Association with respect to paragraphs 1 above, then the Association may, by notice to the Recipient, cancel all or any part of the Unwithdrawn Financing Balance.

**D. Deposits of Financing Amounts**

1. The Recipient shall indicate, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two deposit accounts ("Deposit Accounts") on terms and conditions satisfactory to the Association:
  - (a) a deposit account in Euros ("Foreign Currency Deposit Account"); and
  - (b) a deposit account in CFA Francs ("Local Currency Deposit Account").
2. All withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Financing into the Foreign Currency Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account. All amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for the Recipient's budget management system, in a manner acceptable to the Association.

**E. Audit**

The Recipient shall:

1. have both Deposit Accounts audited by the Recipient's *Chambre des Comptes* or by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than six months after the end of the Recipient's fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the Deposit Accounts and their audit as the Association shall reasonably request.

**F. Excluded Expenditures.** The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

**G. Closing Date.** The Closing Date is December 31, 2015.

**SCHEDULE 2**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15, commencing August 15, 2021 to and including February 15, 2053	<b>1.5625%</b>

\* 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

### Section I. Definitions

1. “CFA Francs” means the local currency of the Beneficiary.
2. “*Chambre des Comptes*” means the Recipient’s chamber of accounts, a division of the Recipient’s Supreme Court responsible for discharging the functions of Auditor General under the Recipient’s constitution.
3. “ANLC” means *Autorité Nationale de Lutte contre la Corruption*, the Recipient’s national authority in charge of anti-corruption activities, as established and operating under the Recipient’s Law No. 2011-20 dated October 12, 2011, or any successor thereto.
4. “Deposit Accounts” means both the Foreign Currency Deposit Account and the Local Currency Deposit Account.
5. EMICoV2” means *Enquête Modulaire Intégrée sur les Conditions de Vie des Ménages*, the Recipient’s integrated survey on household life conditions, carried out in 2011 (<http://nada.insae-bj.org/index.php/catalog/2/study-description>).
6. “ETVA” means *Enquête sur la Transition vers la Vie Active*, the Recipient’s survey on the transition to the labor market, carried out in 2012 (<http://nada.insae-bj.org/index.php/catalog/2/study-description>).
7. “Excluded Expenditure” means any expenditure:
  - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;
  - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
  - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
  - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
  - (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
8. "FNDA" means *Fonds National de Developpement Agricole*, the Recipient's national agricultural development fund, established and operating under the Recipient's Decree No. 2014-100 dated January 31, 2014, or any successor thereto.

9. “Foreign Currency Deposit Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
11. “INSAE” (*Institut National de la Statistique et de l’Analyse Economique*) means the Recipient’s national institute for statistics and economic analyses, established through Decree No. 97-168 dated April 07, 1997, as the official statistical agency of the Recipient.
12. “Local Currency Deposit Account” means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
13. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated January 2015 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
14. “RGE2” means *Recensement Général des Entreprises*, the Recipient’s general census for enterprises, carried out in 2008 (<http://nada.insae-bj.org/index.php/catalog/1>).
15. “RGPH3” means *Recensement Général de la Population et de l’Habitation*, the Recipient’s general census for population and housing, carried out in 2002 (<http://nada.insae-bj.org/index.php/catalog/4>).
16. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
17. “SYDONIAWORLD” means “*Système douanier automatisé*”, the Recipient’s automated system for customs data.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the subsequent Sections in Article II are renumbered accordingly.
3. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.

4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.

5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

*“Section 4.06. Plans; Documents; Records*

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association’s representatives to examine such records.”

6. Paragraph (c) of Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

*“Section 4.07. Program Monitoring and Evaluation*

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.”

7. 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 definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement.”

(b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“‘Program’ means the program referred to in the Financing Agreement in support of which the Financing is made.” All references to “Project” throughout these General Conditions are deemed to be references to “Program”.