Agreement Providing for the Amendment and Restatement of the Financing Agreement

(Private Sector Development Support Project)

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 19, 2011

as amended and restated on May 24, 2016
FINANCING AGREEMENT

AGREEMENT dated July 19, 2011, as amended and restated on Day 24, 2016 entered into between the REPUBLIC OF TOGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.1. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.2. 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

2.1. 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 3,386,930.21 Special Drawing Rights (SDR) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.2. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.3. 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.

2.4. The Payment Dates are January 15 and July 15 in each year.

2.5. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.1. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the MoC in accordance with the provisions of Article IV of the General Conditions.

3.2. 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

4.1. An Additional Event of Suspension shall occur if: (i) at any time before the Disbursement Deadline Date, the Association has determined that the standards and measures to ensure the environmentally and socially sustainable management and operation of the Free Zones are not consistent with sound international best practice; and (ii) the Recipient has failed, within a 30-day period after notice thereof has been given to it by the Association, to remedy the situation giving rise to such Additional Event of Suspension in a manner acceptable to the Association.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.1. The Additional Condition of Effectiveness consists of the following:

(a) the Recipient has adopted the PIM;

(b) the Recipient has established each of (i) the Steering Committee; and (ii) the PCU; and

(c) The Recipient has recruited, for the PCU, (i) a Project coordinator; (ii) a specialist responsible for financial management; and (iii) a specialist responsible for procurement, each in accordance with the provisions of Section III of Schedule 2 to this Agreement.

5.2. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.3. 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

6.1. The Recipient’s Representative is its minister responsible for finance.

6.2. The Recipient’s Address is:

   Ministry of Economy and Finance
   Immeuble CASEF
   B.P. 387
   Lomé
   Togo

   Facsimile:

   228-221-0905

6.3. The Association’s Address is:

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

   Cable address: INDEVAS
   Telex: 248423(MCI) or 1-202-477-6391
   Facsimile: 64145(MCI)
AGREED at Lomé, Togo, as of the day and year first above written.

[Signature]

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to contribute to an improved investment climate in the Recipient’s territory, including in a New Free Zone, as well as to an improved performance of targeted micro and small businesses.

The Project consists of the following parts:

Part A. Support to Investment Climate Reforms

Supporting investment climate reform in the Recipient’s territory by assisting with:

(i) the establishment and operations of the Recipient’s “one-stop shop” business registry (*Centre de Formalité des Entreprises*) through, *inter alia*, the provision of technical assistance as well as the purchase of equipment and materials;

(ii) the establishment of the Recipient’s management support center (*Centre de Gestion Agrée*, CGA) to help small business with accounting and general business management through *inter alia*, the provision of technical assistance as well as the purchase of equipment and materials;

(iii) the provision of support to the creation of a “one-stop shop” for the issuance of construction permits; and

(iv) (a) public-private dialogue to help identify, prioritize and implement key reforms to improve the Recipient’s investment climate, and (b) the development and implementation of a communication strategy on investment climate reforms, through the provision of technical assistance.

Part B. Support to the Development of a New Free Zone

Provision of technical assistance to support the development of a New Free Zone, including: carrying-out studies, diagnostics and impact assessments on economic, administrative, regulatory, institutional and organizational aspects of a New Free Zone.
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SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall, throughout the implementation of the Project, maintain the following implementation and coordination arrangements:

(1) The MoC shall be responsible for the overall implementation, supervision and coordination of the Project.

(2) **Steering Committee**

   (a) The Recipient shall maintain a steering committee (Comité de Pilotage) (the “Steering Committee”) with functions and resources, each satisfactory to the Association.

   (b) Without limitation to the provisions of paragraph (a) above, the Steering Committee shall provide, *inter alia*, strategic guidance for Project implementation.

   (c) Without limitation to the provisions of paragraph (a) above, the Steering Committee shall be chaired by the minister of the MoC (or his/her representative) and shall be comprised of, *inter alia*, representatives from the private sector, as well as representatives from the ministries responsible for finance, planning and industry.

(3) **Project Coordination Unit**

   (a) The Recipient shall maintain a Project coordination unit (the “Project Coordination Unit” or “PCU”) with functions and resources satisfactory to the Association.

   (b) Without limitation to the provisions of paragraph (a) above, the PCU shall be responsible for the overall implementation of the Project, including: (i) planning, programming, and budgeting the financed activities; (ii) supervision, control of the field activities; (iii) administration of the technical functions (procurement, financial
management, monitoring and evaluation, feedback of beneficiaries); and (iv) preparation of financial and project reports.

(c) Without limitation to the provisions of paragraph (a) above, the PCU shall be comprised of, inter alia, (i) a Project coordinator, (ii) an expert on investment climate reform, (iii) an expert on entrepreneurship, (iv) an expert on Free Zones, (v) a procurement specialist, and (vi) a financial management specialist; all of whom shall have qualifications and experience acceptable to the Association.

(d) The Recipient shall recruit, no later than two (2) months after the Effective Date, a short-term procurement consultant in accordance with the provisions of Section III of this Schedule 2 to this Agreement.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall ensure that, throughout the implementation of the Project, the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, in accordance with Section II of this Schedule 2 to this Agreement, reports on the status of compliance with the Safeguard Documents, giving details of:

(a) measures taken in furtherance of the Safeguard Documents;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and

(c) remedial measures taken or required to be taken to address such conditions.
D. Project Implementation Manual

1. The Recipient shall carry out the Project in accordance with the PIM, provided, however, that, in the event of any conflict between the provisions of the PIM and those of this Agreement, this Agreement shall prevail.

2. Except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the PIM if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.8 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the PIM. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days 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 as part of the Project Report, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient; provided that, the first audited Financial Statements shall cover the period commencing with the date on which the first withdrawal was made under the Preparation Advance for the Project and end on the last day of the next 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.

4. The Recipient shall appoint, no later than four (4) months after the Effective Date, an external auditor in accordance with the provisions of
Section III of this Schedule 2 to this Agreement.

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. 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:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least Costs Selection;</td>
</tr>
<tr>
<td>(b) Selection based on Consultant’s Qualification;</td>
</tr>
<tr>
<td>(c) Commercial Practices;</td>
</tr>
<tr>
<td>(d) Single Source Selection; and</td>
</tr>
<tr>
<td>(e) Individual Consultants.</td>
</tr>
</tbody>
</table>

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:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants' services, Training and Operating Costs under Parts A, B.1 and C the Project</td>
<td>3,361,991.89</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-Grants for consultants’ services and Training under Part B.2 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>24,938.32</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>Designated Account</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Designated Account</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,386,930.21</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 June 30, 2016.
APPENDIX

Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “Disbursement Deadline Date” refers to the Closing Date or such later date established by the Association for receipt of applications for withdrawal (and supporting documentation) pursuant to Section 3.7 of the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association.

5. “Displaced Persons” means a person who, on account of the execution of the Project, 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.

6. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s document entitled “Cadre de Gestion Environnementale et Sociale du Projet d’Appui au Développement du Secteur Privé”, dated January 2011, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures, including monitoring and institution strengthening.

7. “Environmental and Social Management Plan” or “EMP” means the Recipient’s document prepared and disclosed in accordance with the Environmental and
Social Management Framework with respect to the Project that details: (i) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures.

8. "Existing Free Zones" means a zone in which selected sites in the Recipient's territory are encouraged/incentivized to develop manufacturing and service activities for exports pursuant to the Recipient's Law No. 89/14 dated December 18, 1989 (as amended).

9. "Free Zones" means the Existing Free Zones or the New Free Zone(s).


11. "Ministry of Commerce and Private Sector Promotion" or "MoC" means the Recipient's ministry in charge of, among others, private sector promotion.

12. "New Free Zones" means a zone, other than the Existing Free Zone, in which selected sites in the Recipient's territory are encouraged/incentivized by the Recipient to, inter alia, develop manufacturing and service activities for exports.

13. "Operating Costs" means the reasonable incremental operating expenses, based on annual work plans and budgets approved by the Association, incurred by the PCU on account of operation and maintenance costs incurred in connection with the implementation of the Project, including costs related to office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.

14. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 4, 2010 and on behalf of the Recipient on October 6, 2010.

16. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated February 23, 2011 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.

17. "Project Implementation Manual" or "PIM" means a manual, in form and substance acceptable to the Association, to be adopted by the Recipient for the Project, containing detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial, administrative and accounting procedures, and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

18. "Project Coordination Unit" or "PCU" has the meaning given to such term in Section I.A(3)(a) of Schedule 2 to the Agreement.

19. "Resettlement Action Plan" or "RAP" means the Recipient’s document prepared and disclosed in accordance with the Resettlement Policy Framework with respect to the Project which, inter alia, (i) contains a census survey of Displaced Persons and valuation of assets, (ii) describes compensation and other resettlement assistance to be provided, consultation to be conducted with Displaced Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation, and (iii) contains a timetable and budget for the implementation of such measures.

20. "Resettlement Policy Framework" or 'RPF" means the Recipient’s document entitled “Projet d’Appui au Development du Secteur Privé – Cadre de Politique de Réinstallation des Population” dated February 2011, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as amended from time to time with the prior written consent of the Association.

22. "Steering Committee" has the meaning given to such term in Section I.A(2)(a) of Schedule 2 to the Agreement.

23. "Training" means the reasonable costs of training under the Project, based on the annual work plans and budgets approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.