Financing Agreement

(Reform Management and Technical Assistance Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 14, 2009
FINANCING AGREEMENT

AGREEMENT dated October 14, 2009, entered into between REPUBLIC OF NIGER (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 six million seven hundred thousand Special Drawing Rights (SDR 6,700,000) (“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.

2.04. The Payment Dates are April 1st and October 1st in each year.

2.05. The Payment Currency is the 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 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 — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has established the Monitoring and Evaluation Committee and recruited, in accordance with Section III of Schedule 2 to this Agreement, the senior Project accountant and the procurement specialist referred to in Section I.A.2 (b) (i) and (ii), respectively, of Schedule 2 to this Agreement;

(b) The Project Manual of Financial, Accounting and Administrative Procedures has been adopted; and

(c) The Recipient’s accounting software has been updated to meet the requirements of the Project, in a manner satisfactory to the Association.

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

4.03. 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 V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Recipient’s Minister at the time responsible for finance.

5.02. The Recipient’s Address is:

Minister of Economy and Finance
Ministry of Economy and Finance
B.P. 389
Niamey
Republic of Niger

Facsimile:

227-20-73-59-34

5.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Niamey, Niger, as of the day and year first above written.

REPUBLIC OF NIGER

By /s/ Ali Mahamane Lamine Zeine

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ousmane Diagana

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve: (i) the credibility and reliability of budgets allocated to budget managers in each Ministry; and (ii) the internal controls of the use of said budgets.

The Project consists of the following parts:

Part 1. Capacity Development

Implementation of a program of support designed to:

(a) Strengthen key functions of MEF, including through:

   (A) the improvement of: (i) macro and revenue forecasts; (ii) revenue collection; (iii) budget reporting and analysis; (iv) procurement management; (v) internal audit and financial oversight, and (vi) cash management; and

   (B) support for Treasury reforms;

(b) Support local training institutes; and

(c) Support the Recipient’s program leveraging the expertise and experience of Recipient’s nationals living out of the Recipient’s territory.

Part 2. Leverage and Rationalization of Financial Management Information Systems

Implementation of a program of support designed to:

(a) Support Intranet/Internet deployment of financial management information systems,
(b) Support:

(A) rationalization and upgrade of systems, including: (i) the budget information systems, (ii) the customs information systems, (iii) the tax authorities information systems, and (iv) the cash management systems, and

(B) Treasury reforms; and

(c) upgrade the system.

Part 3. Project Management

Implementation of a program of support for the Project Coordination Unit in the management and coordination of the Project.
Section I. Implementation Arrangements

A. Institutional Arrangements

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

1. The Steering Committee

   (a) The Steering Committee shall be responsible for the overall strategic guidance and oversight of the Project, including validation and approval of the annual work plans prepared by the Project Coordination Unit, review of progress reports and issuance of recommendations for corrective measures.

   (b) The Steering Committee shall be chaired by the Recipient’s Minister of Finance or his representative, and shall have membership, functions and resources satisfactory to the Association.

2. The Project Coordination Unit

   (a) The Project Coordination Unit shall be responsible for Project implementation, and shall have functions, staffing and resources satisfactory to the Association.

   (b) Without limitation to the generality of Paragraph (a) above, the Project Coordination Unit shall be headed by a Project coordinator, and shall consist of: (i) a senior accountant, (ii) a procurement specialist, (iii) an assets accountant, (iv) a monitoring and evaluation specialist, (v) one component manager for Part 1 of the Project, and (vi) one component manager for Part 2 of the Project.

   (c) The Project Coordination Unit shall coordinate with the structures of the MEF, for the implementation of the Project and for the execution of its fiduciary activities.
(ii) Without limitation to the generality of the foregoing, the Recipient shall designate and maintain a focal point in each of the structures of the MEF in which Project’s activities are carried out, in order to facilitate coordination with the Project Coordination Unit.

3. Monitoring and Evaluation Committee

(a) The Monitoring and Evaluation Committee shall be responsible for monitoring the results and performance of the Project.

(b) The Monitoring and Evaluation Committee shall have membership, functions and resources satisfactory to the Association.

B. Anti-Corruption

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

C. Project Manual

(a) The Recipient shall:

(i) adopt a Project Manual of Financial, Accounting and Administrative Procedures, in form and substance satisfactory to the Association, and giving details of the financial, administrative and accounting procedures applicable to the Project, and agreed with the Association for purposes of implementation of the Project; and

(ii) thereafter ensure that, throughout the implementation of the Project, the Project shall be carried out in accordance with the provisions of the Project Manual of Financial, Accounting and Administrative Procedures.

(b) Unless the Recipient and the Association shall otherwise agree in writing, the Recipient shall not amend or waive any provision of the Project Manual of Financial, Accounting and Administrative Procedures, in a manner which, in the opinion of the Association, could have a material adverse impact on the implementation of the Project.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1.  (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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

(i) At Project completion, the Recipient’s ratio of arrears to total expenditures will have improved from more than 10% to less than 5%.

(ii) At Project completion, the time for the submission of the Recipient’s draft financial statements (Loi de Réglement) to the National Assembly will have been reduced from 15 to 9 months.

(iii) At Project completion, the time for the submission of the Recipient’s Treasury financial statements (Comptes de Gestion) to the Chamber of Accounts shall not exceed 6 months.

2. No later than November 30, 2009, or such later date as may be agreed in writing by the Association, the Recipient shall have adopted a monitoring and evaluation plan for the Project, in form and substance satisfactory to the Association.

3. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than October 31, 2015.
4. Thirty (30) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, or on such later date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.

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. The Recipient shall prepare and furnish to the Association not later than forty-five (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 the 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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. No later than three (3) months after the Effective Date, the Recipient shall have recruited an external independent auditor selected in accordance with the provisions of Section III of this Schedule, for the purpose of, *inter alia*, carrying out the financial audits referred to in Paragraph 3 above.
Section III. Procurement

A. General

1. Goods. All goods 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

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods 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. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Other Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding (*)</td>
</tr>
<tr>
<td>(c) Shopping Procedures</td>
</tr>
<tr>
<td>(d) Direct contracting</td>
</tr>
</tbody>
</table>

(*) The procedures to be followed for National Competitive Bidding shall be those set forth in Law No. 2002-22 of November 8, 2002, for the ratification Ordinance
No. 2002-007 of September 18, 2002 constituting the Procurement Code subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines.

1. Eligibility of bidders is defined in Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder may be declared ineligible for a contract financed by the Association, for reasons other than the ones listed in Section I of the Procurement Guidelines.

2. No restrictions based on nationality of bidders or origin of goods shall apply; therefore, foreign bidders shall be allowed to participate in National Competitive Bidding without restriction and shall not be subject to any unjustified requirement which will affect their ability to bid such as, but not limited to, the proof that they have satisfied tax obligations to the Recipient, while able to prove that they have satisfied tax obligations in their home country.

3. No prior registration, licensing or agreement may be required as a condition to participate in bidding procedures.

4. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

5. The following actions shall be subject to Prior Review by the Association: (i) the decision to divide a contract for works, goods or non consultants’ services into several separate contracts; and (ii) the review of the short list of bidders in case of Limited Competitive Bidding.

6. Each bidding document and contract financed from the proceeds of the Financing shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of their contract, and to have said accounts and records audited by an auditor appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of said provision may amount to obstructive practice.

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>Other Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) <em>Least Cost Selection</em></td>
</tr>
<tr>
<td>(b) <em>Selection based on Consultants’ qualifications</em></td>
</tr>
<tr>
<td>(c) <em>Selection Under a fixed budget</em></td>
</tr>
<tr>
<td>(d) <em>Quality Based Selection</em></td>
</tr>
<tr>
<td>(e) <em>Single Source Selection</em></td>
</tr>
<tr>
<td>(f) <em>Individual Consultants</em></td>
</tr>
</tbody>
</table>

3. **Training.** Training shall be carried out on the basis of annual programs and budgets, which shall have been approved by the Association, and which shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution conducting such training; (d) the institution conducting such training if identified; (e) the purpose for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such Training.

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

1. Except as the Association shall otherwise determine by written notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:

   A. With respect to contracts for goods and non consultants services: (a) each contract for goods estimated to cost the equivalent of $300,000 or more; (b) the first two (2) contracts for goods estimated to cost less than $300,000 and procured on the basis of National Competitive Bidding; and (c) each contract for works, goods or non consulting services procured on the basis of Direct Contracting; and
B. With respect to contracts for consultants services: (a) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $200,000 or more; (b) each contract for consultants’ services provided by an individual estimated to cost the equivalent of $100,000 or more; and (c) each contract for consultants’ services procured on the basis of Single Source Selection.

2. 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 and consultants’ services for the Project, including Training, Operating Costs and audits</td>
<td>6,350,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>350,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,700,000</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 April 30, 2015.
APPENDIX

Section I. Definitions


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


4. “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.

5. “MEF” means the Recipient’s Ministry responsible for finance.

6. “Monitoring and Evaluation Committee” means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

7. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the Project Coordination Unit with respect to the implementation of the Project, on account of operation and maintenance costs of 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 of officials and public servants of the Recipient’s civil service.

8. “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 and on behalf of the Recipient on October 9, 2008.

10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 22, 2009 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.

11. “Project Coordination Unit” means the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

12. “Project Manual of Financial, Accounting and Administrative Procedures” means the Project Manual of Financial, Accounting and Administrative Procedures referred to in Section I.C of Schedule II to this Agreement, as such manual may be amended from time to time, and such term includes any schedule to the Project Manual of Financial, Accounting and Administrative Procedures.

13. “Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

14. “Training” means the cost of training under the Project, based on annual budgets approved by the Association pursuant to Section III.C.3 of Schedule 2 to this Agreement, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs 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.
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 unwritten amount of the advance.”

2. 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 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.”