Financing Agreement
(Multisectoral Food Health Nutrition Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 11, 2014
FINANCING AGREEMENT

AGREEMENT dated February 11, 2014, entered into between REPUBLIC OF BENIN ("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 credit in an amount equivalent to eighteen million and three hundred thousand Special Drawing Rights (SDR18,300,000) (variously, "Credit" and "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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).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 1 and August 1 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through SP CAN.

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 Events of Suspension consist of the following:

(a) The Communal Councils' Legislation have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of said Communal Councils to perform any of their obligations under the Partnership Agreements.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Program or a substantive part thereof will be carried out.

4.02. The Additional Event of Acceleration consists of the following namely that any of the events specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Project Operations Manual has been adopted by the Recipient in form and substance satisfactory to the Association.

5.02. The Effectiveness Deadline is the date 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 in charge of finance.

6.02. The Recipient’s address is:

Ministère de l’Economie et des Finances
BP 302
Cotonou
République du Bénin

Cable: MINFINANCES
Telex: 5009MINFIN
Facsimile: +22921031851

Cable: COTONOU
Telex: 5289CAA
Facsimile: +22921315356

6.03. 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
AGREE{D at Cotonou, Benin, as of the day and year first above written.

REPUBLIC OF BENIN

Authorized Representative

Name: Jonas A. GBIAN
Title: Ministre de l'Économie et des Finances.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Olivier P. Fremond
Title: Représentant Résident
SCHEDULE 1

Project Description

The objective of the Project is to increase the coverage and utilization of community-based child growth and nutrition interventions in selected areas in the Recipient's territory.

The Project consists of the following parts:

Part 1: Policy and Program Development, Management and Coordination

Support the Recipient to:

(a) Strengthen coordination and monitoring capacity at the Commune level by establishing Communal Consultative Groups in order to develop a common result framework for improved service delivery for child nutrition;

(b) Develop a multisectoral policy, coordination and oversight mechanisms at the central level (among CAN, line ministries, other public institutions and development partners) and at the decentralized level (among the Communal Councils and their stakeholders); and

(c) Strengthen sectoral programs, *inter alia* in agriculture, health and social affairs, at the central level for improved nutrition

Part 2: Community Mobilization and Service Delivery Strengthening

Support the Recipient to:

(a) Improve public service delivery in the food, health and nutrition sectors by the members of the Communal Consultative Groups; and

(b) Carry out Communal Subprojects for, *inter alia*, social and behavior change communication, and community mobilization.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall:

1. Maintain throughout the period of Project implementation: (i) the CAN to serve as the federating entity for multisectoral policy dialogue on food and nutrition; and (ii) the SP CAN to run the day-to-day management of the oversight and coordination function of the Project; both with the composition and powers acceptable to the Association as further described in the Project Operations Manual; and

2. No later than three months of the Effective Date, recruit in accordance with Section III of this Schedule and thereafter maintain: (i) three regional accountants and one financial management specialist to support SP CAN in the financial management supervision of the Project; (ii) the financial auditor for the Project; and (iii) one Internal Auditor to ensure due compliance with the Project Operations Manual; all with terms of reference and qualification acceptable to the Association.

B. Partnership Agreements

1. To facilitate the carrying out of Part 2(a) of the Project, the Recipient through SP CAN shall make part of the proceeds of the Financing allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of this Schedule available to the Communal Councils under partnership agreements between SP CAN and said Communal Councils, under terms and conditions approved by the Association, as further described in the Project Operations Manual (“Partnership Agreements”).

2. The Recipient shall exercise its rights under the Partnership Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Partnership Agreements or any of their provisions.

C. Anti-Corruption

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

1. To carry out the Communal Subprojects, the Recipient shall make each NGO Grant under a NGO Grant Agreement with the respective NGO on terms and conditions approved by the Association, in accordance with eligibility criteria and procedures acceptable to the Association as further described in the Project Operations Manual, which shall include the following:

   (a) The Communal Subproject shall be selected by the relevant Evaluation Committee.

   (b) The NGO Grant shall be made on a grant basis to the NGO.

   (c) The Recipient shall obtain rights under the NGO Grant Agreement adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the NGO to use the proceeds of the NGO Grant, or obtain a refund of all or any part of the amount of the NGO Grant then withdrawn, upon the NGO’s failure to perform any of its obligations under the NGO Grant Agreement; and (ii) require each NGO to: (A) carry out its Communal 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) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Communal Subproject and the achievement of its objectives; (D) (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 Sub-project; 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; (E) enable the Recipient and the Association to inspect the Communal Subproject, its operation and any relevant records and documents; and (F) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under each NGO Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to
accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any NGO Grant Agreement or any of its provisions.

E. Project Operations Manual

(a) The Recipient shall carry out the Project in accordance with the Project Operations Manual.

(b) The Recipient shall not amend the Project Operations Manual without the prior written approval of the Association.

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 4.08 of the General Conditions and on the basis of indicators set forth in the Project Operations Manual and found acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five days after the end of the period covered by such report.

2. 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 six months after the Closing Date.

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 not later than forty-five days after the end of each calendar quarter, 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. 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, Works and Non-consulting Services.** All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (d) Direct Contracting; and (e) Procurement from UNICEF.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in
the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the 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 Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Non-Consulting Services, Consultants' Services, Operating Costs, Workshops and Training for the Project</td>
<td>6,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) NGO Grants for Communal Subprojects under Part 2(b)</td>
<td>11,750,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>18,300,000</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:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 1,830,000 equivalent may be made for payments made 12 months prior to this date, for Eligible Expenditures under Category (1); and

   (b) under Category (2), unless the first Evaluation Committee has been established and at least one NGO Grant Agreements have been signed, all in form and substance satisfactory to the Association

2. The Closing Date is July 31, 2019.

Section V. Other Undertakings

1. By January 30, 2017, or such other date as the Association shall agree upon, the Recipient through SP CAN shall: (i) carry out jointly with the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association.

2. The Recipient shall carry out every year, starting on the first fiscal year of the Project, an internal audit to ensure that the Project is carried out in compliance with this Agreement and the Project Operations Manual.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>Commencing on February 1, 2024 to and including</td>
<td>1%</td>
</tr>
<tr>
<td>August 2033.</td>
<td></td>
</tr>
<tr>
<td>commencing on February 1, 2034 to and including</td>
<td>2%</td>
</tr>
<tr>
<td>August 1, 2053</td>
<td></td>
</tr>
</tbody>
</table>

* 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


2. “CAN” means Conseil de l’Alimentation et de la Nutrition, the Recipient’s food and nutrition council, as established and operating in accordance with the Recipient’s Decree No.2009-245, dated June 9, 2009.

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

4. “Communal Consultative Groups” (Cadres Communaux de Concertation) means local coordination groups established in each participating Commune under the Project and which includes designated members of Communal Councils, local public service agents, representatives of NGOs, community-based organizations and private sector, as created and operating in each Commune.

5. “Communal Councils” means councils established in each of the Recipient’s Commune.


7. “Communal Subproject” means a specific food, health and nutrition initiative to be carried out by an NGO under Part 2(b) of the Project.

8. “Commune” means a local government subdivision as established and operating under the Recipient’s Laws No. 97-029 and No. 98-005 both dated January 15, 1999.


10. “Evaluation Committee” or “Evaluation Committees” means the selection committees in charge of selecting NGOs and evaluating Communal Subprojects, as further detailed in the Project Operations Manual.

12. "Internal Auditor" means the auditor to be contracted by the Recipient to carry out every year the internal audit to ensure that the Project is carried out in compliance with this Agreement and the Project Operations Manual as per Section V.2 of Schedule 2 to this Agreement.

13. "NGO" or "NGOs" means one or several non-governmental organization legally incorporated in accordance with the laws of the Recipient and which meet the selection criteria established in the Project Operations Manual in order to receive a NGO Grant, under a NGO Grant Agreement.

14. "NGO Grant" means a grant made or proposed to be made under Part 2(b) of the Project to a NGO for the financing of a Communal Subproject.

15. "NGO Grant Agreement" means an agreement to be signed among a NGO, a Commune and SP CAN for the financing of a Communal Subproject.

16. "Operating Costs" means recurrent costs of the Project: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out training, supervisory and quality control activities; and (viii) salaries of support staff for SP CAN, but excluding salaries of the Recipient’s civil servants.

17. "Partnership Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Communal Councils.


19. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated November 5, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "Project Operations Manual" means a manual to be adopted by CAN found satisfactory to the Association and which shall contain, inter alia: (i) the terms of reference, functions and responsibilities for the members or personnel of CAN, SP CAN, Communal Consultative Groups, Communal Councils, line ministries in charge of the Project and Evaluation Committees; (ii) the criteria, detailed rules and procedures for the selection by the Evaluation Committees and the financing of the Communal Subprojects; (iii) the procedures for procurement
of goods, works, non-consulting services, consultants’ services, Operational Costs, Training and Workshops, as well as for financial management and audits under the Project; (iv) the indicators to be used in the monitoring and evaluation of the Project; (v) flow and disbursement arrangements of Project funds; (vi) the model form for the NGO Grant Agreements and the Partnership Agreements; (vii) the TORs for the financial audit, the internal audit and other audits for the Project; (vii), the procedure manuals for CAN and SP CAN; (viii) the adoption of bylaws by SP CAN for the creation of the procurement and control commissions (commission de passation des marchés publics and cellule de controle des marches publics); and (ix) the operational guide for Communal Councils; as said manual may be amended from time to time with the Association’s prior approval.

21. “Program” means the program designed to improve nutrition in the Recipient’s territory for children under five years of age as set forth in the Recipient’s Strategic Plan for Food and Nutrition Development.

22. “SP CAN” means Secretariat Permanent du Conseil de l’Alimentation et de la Nutrition, the Recipient’s permanent secretariat for the food and nutrition council, as established and operating in accordance with the Recipient’s Decree No. 2009-245, dated June 9, 2009.


24. “Workshops and Training” means workshops and training, including purchase and publication of materials, rental of facilities, course fees, study tours and travel and subsistence for participants, trainees and trainers.