June 29, 2012

His Excellency Mr. Jonas Gbian
Honorable Minister
Ministry of Economy and Finance
Cotonou
Republic of Benin

Republic of Benin: Second Decentralized City Management Project (Credit No. 4117 BEN)
Amendment to the Development Credit Agreement

Honorable Minister:

We refer to the Development Credit Agreement (the “Agreement”) dated November 3, 2005 for the above-referenced Project, between the Republic of Benin (the “Recipient”) and the International Development Association (the “Association”). We also refer to your letter dated January 27, 2012, requesting a restructuring of the Project.

Accordingly, we are pleased to inform you that the Association hereby proposes to amend the Agreement to read as follows:

1. The withdrawal schedule in Section A.1 of Schedule 1 to the Agreement is deleted in its entirety and replaced with the withdrawal schedule set forth in Attachment 1 to this letter.

2. Schedule 2 to the Agreement is deleted in its entirety and replaced with the schedule set forth in Attachment 2 to this letter.

All other provisions of the Agreement shall remain in full force and effect.
Please indicate your agreement with the foregoing amendment by countersigning and dating the two original copies of this letter and returning one countersigned original to us. This amendment shall become effective as of the date of countersignature of this letter.

Sincerely,

[Signature]

By:

Madani M. Tall
Country Director, Benin
Africa Region

AGREED:

REPUBLIC OF BENIN

By:

[Signature]

Name:

Title:

Date: 29 JUIN 2012
### Revised Withdrawal Schedule

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Part B of the Project</td>
<td>11,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) under Part C of the Project:</td>
<td>680,000</td>
<td>100%</td>
</tr>
<tr>
<td>(c) under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Part D.1, D.2 D.3(a)(ii), D.3(b) and D.4 of the Project</td>
<td>3,148,000</td>
<td>100%</td>
</tr>
<tr>
<td>(ii) Part D.3 (a)(i) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(2) Goods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Equipment under Part A of the Project</td>
<td>520,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(b) Equipment under Part C of the Project</td>
<td>400,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(c) Equipment under Part D of the Project</td>
<td>680,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ services and training:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Under Part B of the Project</td>
<td>1,243,335.17</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Under (i) Parts A of the Project; and (ii) Part C of the Project</td>
<td>2,648,664.83</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Under Part D of the Project implemented by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) AGETUR</td>
<td>720,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (Expressed in SDR Equivalent)</td>
<td>% of Expenditures to be Financed</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>(ii) SERHAU</td>
<td>150,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(4) Operating costs under Part A of the Project</td>
<td>200,000</td>
<td>90 %</td>
</tr>
<tr>
<td>(5) Management fees:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) AGETUR</td>
<td>925,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(b) SERHAU</td>
<td>585,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(6) Refunding of Project Preparation Advance</td>
<td>550,000</td>
<td>Amount due pursuant to Section 2.02 (c) of this Agreement</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>24,000,000</td>
<td></td>
</tr>
</tbody>
</table>
SCHEDULE 2

Description of the Project

The objective of the Project is to increase access to infrastructure and basic services for residents of the Borrower's Cities.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Municipal Management Capacity Building in the Principal Cities

1. Strengthening the management performance of the Cities of Cotonou, Porto-Novo and Parakou and implementing actions identified under the First Decentralized City Management Project, through:
   
   (a) the provision of technical assistance, and training, for the elaboration of financial and accounting manuals and software establishing clear procedures for the staff of the finance departments of the Primary Cities;

   (b) the provision of technical assistance for the modernization of storage and classification systems for financial accounting data;

   (c) the carrying out of studies to improve tax recovery;

   (d) the acquisition for the municipalities of computers, office equipment and vehicles; and

   (e) the carrying out of workshops and training activities, the provision of technical advisory services and the acquisition of equipment, to support municipalities education, in fighting HIV/AIDS at the local level.

2. Strengthening the capacity of MISD, MEHU, MFE and MCPD to better assist the Cities through:

   (a) the provision of technical advisory services, studies and training for communication, education and information of urban residents regarding the Project;

   (b) the carrying out of studies and workshops for the review of the Borrower's urban sector in view of donor harmonization in the sector and the determination of statistical indicators for the sector;

   (c) the acquisition of computers and other office equipment, and vehicles, essentially for the Project Unit;
(d) the provision of training for the staff of the Project Unit, SERHAU and AGETUR in implementation of ESMF and RPF;

(e) the provision of technical advisory services for the elaboration of guidelines including a manual for solid waste management, and the carrying out of studies to improve the performance of tax department line ministry, training in supervision and analysis of cities’ expenditures;

(f) the carrying out of workshops for the communication of lessons learned from the principal studies, at the time of start off of the Project, at the time of the Mid-Term Review and at the time of completion of the Project; and

(g) the financing of salaries for the following support personnel for the Project Unit: a communications officer, a driver, a secretary and a courier.

3. Strengthening the management capacity of the Secondary Cities through the carrying out of workshops for: (i) the exchange of information between the Primary Cities and the Secondary Cities; (ii) the provision of technical assistance and acquisition of equipment to carry out an analysis of the Secondary Cities’ internal organization and human resources; (iii) the carrying out of a study for the improvement of the fiscal management system/intergovernmental fiscal transfer system; and (iv) the provision of technical assistance and training for the elaboration and use of infrastructure programming manuals.

Part B: Rehabilitation and Construction of Basic Urban Infrastructure

1. Rehabilitation and reconstruction of the urban roads and associated drainage works in the Cities.

2. Construction out of primary drainage networks in the Primary Cities.

3. Carrying out of socio-environmental and engineering studies and the provision of technical advisory services required for the supervision of works to be carried out under paragraphs 1 and 2 above.


5. Provision of technical advisory services to carry out periodic technical audits on works and contract management procedures and financial audits, for the Project.

Part C: Community Participation and Integration

1. Basic Neighborhood Infrastructure

   Improving basic neighborhood infrastructures through:

   (a) conducting feasibility and engineering studies;
(b) construction and rehabilitation of Neighborhood social and economic infrastructure including primary schools, community centers, basic health centers and small markets; and

(c) the carrying out of Environmental and Social Impact Assessments, and Resettlement Action Plans.

2. Micro-works and Community-Based Activities

Carrying out of feasibility, technical and impact studies and construction works for community based activities (micro-works) in the following areas: flood-plain management, tree planting and green space management, collection, disposal and treatment of household wastes, construction and rehabilitation of public latrines, management of playgrounds, recreation areas, public fountains, and the carrying out of Environmental and Social Impact Assessments, and Resettlement Action Plans.

3. Support for Community Initiatives

(a) Technical advisory services for:

(i) Community mobilization and awareness-building on environmental and health issues and for the preparation of Neighborhood Development Activities and on Neighborhood Agreements; and

(ii) Recruitment and training of CISU’s staff in the Cities.

(b) Acquisition of computers and other office equipment and two-wheel vehicles for CISUs.

(c) Provision of technical advisory services to assist the CISUs in the design and publication of NDAs and a guide for the preparation of the Neighborhood Agreements.

Part D: Solid Waste Management for Porto-Novo

1. Capacity Strengthening

Strengthening the capacity for solid waste management in Porto-Novo through the provision of equipment and training for a solid waste management unit within the City’s/department of operational services and the training of waste collection workers, operators and solid waste management staff.

2. Strategic Solid Waste Management Action Plan

Preparing a strategic solid waste management plan through:

(a) (i) the carrying out of studies to assist in site selection and in the design of a landfill and to assess present performance of primary and secondary collection, transportation and deposit of waste at secondary transfer stations and landfill systems; and (ii) the carrying out of workshops to analyze results of such studies; and
(b) the preparation and implementation of a public awareness campaign program.

3. Works and Infrastructure

(a) Implementation of a comprehensive solid waste management plan for the closure and/or rehabilitation of the existing open dump sites in Porto-Novo, the establishment of new collection points through:

(i) the carrying out of works; and

(ii) the acquisition of equipment.

(b) Subject to the component D Triggers, the construction of a new landfill through:

(i) the carrying out of works; and

(ii) the acquisition of equipment.


Part E: Project Implementation, Coordination, Monitoring and Evaluation

Providing financial support to AGETUR and SERHAU for Project implementation, coordination, monitoring and evaluation.