OFFICIAL DOCUMENTS

GRANT NUMBER D3160-BJ

Financing Agreement

(Rural Water Supply Universal Access Program)

between

THE REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF BENIN ("Recipient") and the 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) apply to and form 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 a grant, in an amount equivalent to thirty-four million and four hundred thousand Special Drawing Rights (SDR 34,400,000) (variously, "Grant" and "Financing"), to assist in financing the program described in Schedule I to this Agreement ("Program").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

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

2.05. The Payment Currency is Euro.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objectives of the Program. To this end, the Recipient shall cause the Program to be carried out by the Program Implementing Entity in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement and the Program Agreement.
ARTICLE IV — REMEDIES

4.01 The Additional Event of Suspension consists of the following, namely, that any legislation, license or other legal instrument related to the implementation of the Program has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the achievement of the objectives of the Program.

ARTICLE V— EFFECTIVENESS; TERMINATION

5.01 The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been duly executed on behalf of the Recipient and the Program Implementing Entity under terms and conditions satisfactory to the Association.

5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister in charge of economy and finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministère de l’Economie et des Finances
B.P. 302
Cotonou
Republic of Benin

(b) the Recipient’s Electronic Address is:

Cable address: Telex: Facsimile:
MINFINANCES 5009 MINFIN or +229-21-30-18-51
Cotonou 5289 CAA +229-21-31-53-56

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
(b) the Association’s Electronic Address is:
Telex: Facsimile:
248423 (MCI) 1-202-477-6391

AGREE as of the Signature Date.

REPUBLIC OF BENIN

By: 

Authorized Representative

Romuald WADAGNI
Name: Le Ministre de l’Economie et des Finances
Title: 
Date: 14 JUIN 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: 

Authorized Representative

Kalina N. Shabaney
Name: Kalina N. Shabaney
Title: Représentante Pérenne
Date: 14 JUIN 2018
SCHEDULE 1

Program Description

The objective of the Program is to increase access to water supply services and to strengthen service delivery arrangements in selected rural areas.

The Program consists of the following activities:

Part A. Increase of Access to Water Supply Services

Supporting investments in piped rural water systems; by:

1. Constructing water supply systems, including: (a) constructing production, pumping, treatment and storage infrastructure, distribution networks, standpipes and household connections; and (b) works supervision and the development of related studies.

2. Rehabilitating and expanding existing water supply systems, including: (a) rehabilitating and/or expanding production, pumping, treatment and storage infrastructure, distribution networks, standpipes and household connections; and (b) works supervision and the development of related studies.

Part B. Strengthening Service Delivery Arrangements

1. Supporting Performance Based Contracts with selected regional operators, including through: (a) developing Framework Partnership Agreements between the Recipient’s ministry of water and Selected Municipalities setting out the conditions and modalities of said partnerships for planning, execution, financing, and the delegation of the provision of rural water supply services from said municipalities to ANAEPMA; (b) carrying out activities of technical assistance to prepare the bidding documents and bidding process for the recruitment of regional operators; (c) developing a planning contract between the Recipient and ANAEPMA to set out the obligations and responsibilities for the development of the rural water supply sector; (d) developing a tariff policy that will apply to the regional operators’ Performance-based Contracts; (e) developing regulatory arrangements for tariff and water service standards by the Recipient’s ministry of water; and (f) carrying out a communication campaign targeting the Program’s stakeholders to prepare and accompany the implementation of the aforementioned activities.

2. Strengthening the capacities of selected rural water supply professionals; through: (a) enhancing the Recipient’s training facilities; and (b) developing a specific curriculum to train rural water supply professionals.
3. Supporting the capacity-building of ANAEPMR to: (a) enhance its capacity in investment planning and implementation for rural water supply, including the development of adequate information systems; and (b) strengthen its monitoring capacities of service delivery, including for the regional operators and other providers of rural water services, as well as publication of Service Monitoring Reports.

4. Supporting the capacity-building of the Recipient's ministries in charge of water and health, including any of their directorates, and Selected Municipalities to enhance service delivery monitoring and support investments in piped rural water systems.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Recipient shall through the Program Implementing Entity carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner acceptable to the Association. Except as the Association may agree after consultation with the Recipient, the Recipient shall ensure that the Program Action Plan is not amended, waived, suspended, terminated or abrogated.

2. The Recipient shall, through the Program Implementing Entity:

(a) not later than three (3) months after the Effective Date, engage an independent verification agent under terms of reference with qualifications and experience acceptable to the Association ("Verification Agent"), to prepare and provide verification reports certifying the achievement of the DLRs, all in accordance with procedures and arrangements acceptable to the Association;

(b) ensure that the Verification Agent carries out verification and process(es) in accordance with the Verification Protocol; and

(c) submit to the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Program, the Recipient shall make the proceeds of the Financing available to the Program Implementing Entity under a subsidiary agreement between the Recipient and the Program Implementing Entity ("Subsidiary Agreement"), under terms and conditions approved by the Association, which shall include the following:

(a) the principal amount of the Financing made available under the Subsidiary Agreement shall be: (i) denominated in Euros; and (ii) passed on grant terms;

(b) the obligation of the Program Implementing Entity to carry out the Program with due diligence and efficiency, in conformity with appropriate administrative, financial and technical practices and in accordance with the Program Operational Manual, and provide, or cause to be provided,
promptly as needed, the facilities, services and other resources required for the Program;

(c) the obligation of the Program Implementing Entity to comply with record keeping, auditing and reporting requirements set forth in this Agreement (operations, resources and expenditure) for the Program;

(d) the obligation of the Program Implementing Entity, at the request of the Recipient or the Association, to exchange views with the Recipient and the Association with regard to the progress of the Program and the performance of its obligations under the Subsidiary Agreement;

(e) the obligation of the Program Implementing Entity to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Program, or the performance of its obligations under the Subsidiary Agreement; and

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect its own interests and the interests of the Association in order to accomplish the purposes of the Financing.

3. The Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement without the prior written approval of the Association.

4. In the event of any conflict between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Program Operational Manual

1. The Recipient, through the Program Implementing Entity, shall no later than three (3) months after the Effective date, update and thereafter maintain a manual acceptable to the Association ("Program Operational Manual"), containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Program; (b) monitoring, evaluation, reporting and communication; (c) administration, financial management and accounting; and (d) such other administrative, technical and organizational arrangements, and procedures as shall be required for purposes of implementation of the Program.

2. The Recipient shall, through the Program Implementing Entity carry out the Program in accordance with the provisions of the Program Operational Manual.

3. Except as the Association may agree after consultation with the Recipient, the Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Program Operational Manual.
Section II. **Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) works, estimated to cost fifty million dollars (USD 50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million dollars (USD 30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million dollars (USD 20,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost fifteen million dollars (USD 15,000,000) equivalent or more per contract.

Section III. **Program Monitoring, Reporting and Evaluation**

The Recipient shall, through the Program Implementing Entity, furnish to the Association each Program Report not later than one month after the end of each calendar semester, covering the calendar semester.

Section IV. **Withdrawal of Financing Proceeds**

A. **General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the DLIs as applicable) ("Category"), the DLR for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Result as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Formula</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1: a Framework Partnership between the Recipient’s ministry of water and Selected Municipalities has been established under terms acceptable to the Association.</td>
<td>DLR 1.1: Framework Partnership Agreements signed between the Recipient’s ministry of water and Selected Municipalities.</td>
<td>1.1: 10,400,000 SDR once the Framework Partnership Agreements are signed with at least 50 of the Recipient’s municipalities.</td>
<td>10,400,000</td>
</tr>
<tr>
<td></td>
<td>DLR 1.2: Service Monitoring Reports have been published.</td>
<td>1.2: 2,181,818 SDR for each Service Monitoring Report published, up to a maximum number of 11 Service Monitoring Reports.</td>
<td>24,000,000</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>34,400,000</strong></td>
<td><strong>34,400,000</strong></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) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 10,400,000 may be made on the basis of DLRs achieved prior to this date but on or after November 16, 2017; and

   (b) for any DLR under Category (1), until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed SDR 6,800,000 as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved or only partially achieved by the Closing Date, the Recipient shall refund such
advance to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1) have not been achieved, the Association may, by notice to the Recipient: (a) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (b) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

4. The Closing Date is June 30, 2024.
APPENDIX
Definitions

1. “ANAEPMR” means the Recipient's rural water supply agency (Agence Nationale d’Approvisionnement en Eau Potable en Milieu Rural); established by virtue of Decree Number 039, dated January 25, 2017, or any successor thereto.


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

4. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

5. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

6. “Framework Partnership” means the set of framework partnership agreement to be signed as result of DLI #1 between the Recipient’s ministry of water and Selected Municipalities.

7. “Framework Partnership Agreement” means a framework partnership agreement to be signed as result of DLR #1 between the Recipient’s ministry of water and Selected Municipalities, under terms and conditions acceptable to the Association; and “Framework Partnership Agreements” means one or more of the Framework Partnership Agreement.

8. “Financing Agreement” means the agreement between the Recipient and the Association of date herewith for the Implementation of the Program (Credit No. 6237-BJ).

10. "Performance Based Contracts" means any type of the contracts to be signed between the Program Implementing Entity and regional operators setting out the contractual arrangements for the delegation of the rural water services in Selected Municipalities with elements of performance based incentives.

11. "Program Action Plan" means the Recipient's plan dated April 9, 2018, and referred to in Section I.A of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.

12. "Program Operational Manual" means the Program Implementing Entity's manual of procedures to be updated to include all Program arrangements as set forth in Section I.C of Schedule 2 to this Agreement.


14. "Selected Municipalities" means any of the Recipient's municipalities selected under the Program as they signed Framework Partnership Agreements with the Recipient, setting out the conditions and modalities of said partnerships for planning, execution, financing, and the delegation of the provision of rural water supply services from said municipalities to ANAEPMR.

15. "Service Monitoring Reports" means reports published by the Program Implementing Entity including the updated inventory of assets and key performance indicators for all piped rural water supply systems of the Selected Municipalities having signed the Framework Partnership Agreements.

16. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

17. "Verification Agent" means an independent entity to be engaged by the Recipient through the Program Implementing Entity for the purposes of certifying the achievement of the DLIs as referred to in Section I.A. of Schedule 2 to this Agreement.

18. "Verification Protocol" means the Recipient's Verification Protocol, as included in the Program Operational Manual and acceptable to the Association, setting forth the detailed criteria for the achievement of DLRs and means by which the same will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Association.