OFFICIAL DOCUMENTS

GRANT NUMBER D2340-TG

Financing Agreement

(Economic Governance Project)

between

TOGOLESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
AGREEMENT dated as of the Signature Date, entered into between TOGOLESE REPUBLIC ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

WHEREAS: The Recipient has requested from the European Commission, and the European Commission has confirmed preparation of a financing for the provision of, goods, non-consulting services, consulting services, Training and Operating Costs under Parts A.1, B.2, C.1, C.2, C.3 and D of the Project, for an amount of five million Euros (€5,000,000). The European Commission has requested the establishment of a trust fund (the "Trust Fund"). and its administration by the Association for the extension of said financing (the "TF Grant") by the Association, acting as administrator of the Trust Fund, to the Recipient, pursuant to a grant agreement (the "TF Grant Agreement") to be entered into between the Association and the Recipient. Subject to the timely transfer of funds by the European Commission to the Association. and the satisfaction of all conditions precedent to their disbursement by the Recipient, the proceeds of the TF Grant are expected to be available for disbursement no later than March 31, 2018.

THE PARTIES HERETO NOW 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, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to ten million seven hundred thousand Special Drawing Rights (SDR 10,700,000) ("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 III of Schedule 2 to this Agreement.

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 February 15 and August 15 in each year.
2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts A, B.1, C and D of the Project and cause Parts B.2 and B.3 of the Project to be carried out by the Project Implementing Entity, all in accordance with the provisions of Article IV of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

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

(a) The Recipient has prepared and adopted the Project Implementation Manual, in form and substance satisfactory to the Association.

(b) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

(c) The Project Agreement has been executed on behalf of the Association and the Project Implementing Entity, where the Association agrees to sign the Project Agreement on the date it signs this Agreement.

5.02. The Effectiveness Deadline is the date (120) days after the signature date.

5.03. For purposes of Section 10.05 (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 responsible for finance.

6.02. For purposes of Section 10.01 of the General Conditions, (a) the Recipient’s address is:

Ministère de l'Economie et des Finances
Immeuble CASEF
B.P.387
Lomé - Togo; and

(b) the Recipient’s Electronic Address is:

Telex: Facsimile: E-mail:
(228) 22 21 09 05 secretariat.ministre@economie.gouv.tg

6.03. For purposes of Section 10.01 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
AGREED as of the Signature Date.

TOGOLESE REPUBLIC

By

Authorized Representative

Name: Sani Yayee
Title: Minister of Economy and Finance
Date: December 21, 2017

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Joelle Dehasse
Title: Country Manager
Date: December 21, 2017
SCHEDULE 1

Project Description

The objective of the Project is to improve public investment management, domestic revenue mobilization and public accountability and monitoring mechanisms for better service delivery in priority sectors.

The Project consists of the following parts:

Part A. Management of Public Investments and Public-Private Partnerships

1. Enhancing planning and programming of public investment, through the provision of:
   (a) implementation support to the PIP Committee to ensure effective coordination between sectors, planning and budget units; (b) development of tools for the management of public investments, including directives and instructions on the identification, selection criteria, presentation of project profiles, supervision and evaluation; (c) a standardized analysis of cost-benefits of projects to be registered with the PIP and publication of results; (d) reorganization and provision of adequate tools to structures in charge of public investment planning and programming in selected key sectors and effective coordination between the MPD and the MoF; (e) a sustainable professional development system to increase the number of professionals in the areas of planning and public investment; and (f) support to a technical assistance facility to strengthen the public investment planning chain, including strengthening the framework for transparent selection and supervision of PPPs.

2. Ensuring the selection and budgeting of high quality public investments, including: (a) providing support for the identification of investment projects eligible for financing from the Recipient; (b) securing the budgets allocated to investment projects through the preparation of implementation plans and reports; and (c) adapting the Recipient’s information management system to line with program budgeting regulations.

3. Strengthening procurement and cash flow management capacities, through: (a) technical assistance and capacity building to contracting authorities; (b) development of procurement electronic systems and mechanisms; (c) recruitment of a consultant to support Recipient’s capacity building in the procurement area and implement professionalization scheme; and (d) development of cash management tools to improve forecasts of cash requirements from MDAs and speed up the payment process of investment expenditure.

Part B. Supporting Domestic Resource Mobilization

1. Supporting the Recipient’s Tax Policy Unit through: (a) review of fiscal incentive policy; (b) provision of guidance for simplification of the tax system; (c) assessment of all para fiscal charges introduced by line ministries or local authorities; (d) review of risk areas for the erosion of the tax base linked to international taxation and; (e) provision of technical assistance, trainings and study
tours for staff in the Tax Policy Unit covering core functions of the unit such as revenue forecasting and economic impact assessments.

2. Enhancing the operational capacity of OTR, through: (a) the development of a tax registration campaign aimed at identifying informal economic operations; (b) provision of data management and analysis to strengthen risk-based audit selection; (c) improvement of audit effectiveness and efficiency; and (d) the provision of Operating Costs.

3. Enhancing voluntary compliance of Togolese taxpayers, through: (a) the implementation of surveys to better target and monitor OTR’s taxpayer services; (b) the development of regulations and administrative guidance for OTR (c) the development and implementation of a targeted outreach, training and information campaign; and (d) setting up an electronic system for taxpayer filing and documentation.

Part C. Increasing Public Accountability and Citizen Engagement

1. Strengthening internal and external audit capacity, through: (a) the development of an Internal Audit Framework and Strategy; (b) introduction of a risk based approach through risk mapping of key line ministries and execution of multi-year strategic audit plans; (c) strengthening of internal audit capacity in conducting systematic audit follow-ups on audit recommendations; (d) support to the Court of Accounts’ strategy and capacity building; (e) facilitating public access to information related to the Recipient’s Parliament; and (f) capacity building of Commission des Finances members, including seminars, workshops, and study tours, to implement the new PFM directives and carry out reviews of the Recipient’s Financial Operation Table.

2. Improving civil society engagement in the budget process, through: (a) the introduction and regularization of a Citizen Budget; (b) the provision of training for CSOs and government officials on the use of the BOOST expenditure monitoring and analysis tool and; (c) the provision of training for CSOs on budget tracking and monitoring of budget execution.

3. Strengthening citizen engagement in priority sectors, through: (a) the development of Citizen Report Cards for urban water supply, maternal and child health, and primary education subsectors and; (b) the provision of Competitive Grants to selected CSO Beneficiaries.

Part D. Project Implementation Support

Provision of technical assistance, consulting services, Training and Operating Costs to the implementing units and PFMCU, as well as Project and PFM reforms coordination, management and monitoring, and preparation of financial audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. MoF and PFMCU

(a) MoF shall be responsible for overall Project implementation and management.

(b) The Recipient shall maintain at all times during the implementation of the Project, the PFMCU, with composition, mandate and resources satisfactory to the Association.

(c) Without limitation to sub-paragraphs (a) and (b) immediately above, the Recipient shall ensure that the PFMCU be in charge of coordinating reforms under the PFM Reform Strategy.

2. Project Steering Committee

(a) The Recipient shall establish not later than three months after Effective Date, and thereafter maintain at all times during the implementation of the Project, the Project Steering Committee, with composition, mandate and resources satisfactory to the Association, as further detailed in the Project Implementation Manual (“Project Steering Committee”).

(b) Without limitation to sub-paragraph (a) immediately above, the Recipient shall ensure that the Project Steering Committee shall meet semi-annually and shall be responsible for: (i) ensuring prompt and efficient strategic oversight, guidance and overall coordination of implementation of the Project; (ii) approving the Annual Work Plans and Budgets; and (iii) reviewing and approving the annual progress reports and audited financial statements of the Project.

3. Project Coordination Unit

(a) The Recipient shall establish not later than three (3) months after Effective Date, and thereafter maintain at all times during the implementation of the Project, the Project Implementation Unit within the PFMCU with staff, terms of reference and resources satisfactory to the Association (“Project Implementation Unit”). To this end, the Recipient shall recruit a Project manager, responsible for the overall project coordination, and key staff responsible for implementation of Project activities, including: a monitoring and evaluation specialist, a financial and administrative officer, a procurement specialist, and a public accountability and citizen participation expert.

(b) Without limitation to sub-paragraph (a) immediately above, the Recipient shall ensure that the Project Coordination Unit shall be responsible for the day-to-day Project coordination
and implementation of activities for Parts A, B.1, C and D for procurement and fiscal management, including the disbursement aspects of the Project and for preparing the Annual Work Plans and Budgets.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project Implementing Entity’s Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (3) of the table set forth in Section III.1 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under grant terms and conditions approved by the Association (“Subsidiary Agreement”).

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

3. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Eligible Expenditure Programs and Technical Controls

1. The Recipient shall cause the Project Implementing Entity to cooperate with the Independent Verifiers, acting as third party monitoring and evaluation experts in order to assess the proper fulfillment of DLIs as set forth in Schedule 3 to this Agreement and confirm the actual spending status of the EEPs, said assessment and confirmation to be included in the bi-annual EEP Spending Reports together with a proposal for disbursement under each Withdrawal, prepared in accordance with the Project Implementation Manual.

2. The EEPs will comply with the eligibility criteria and procedures set forth in the Project Implementation Manual.

D. Competitive Subprojects

1. For purposes of carrying out Part C.3(b) of the Project, and upon selection of any given Competitive Subproject in accordance with criteria and procedures acceptable to the Association, as set forth in the Project Implementation Manual, the Recipient shall enter into an agreement (“Competitive Grant Agreement”) with the pertinent CSO Beneficiary under terms and conditions acceptable to the Association, which shall include, inter alia, the following:

(a) the obligation of the Recipient to:

   (i) make a Competitive Grant to the selected CSO Beneficiary for the implementation of a Competitive Subproject in accordance with the selection criteria included in the Project Implementation Manual and under a Competitive Grant Agreement to
be executed between the Recipient and the selected CSO Beneficiary, as per the model form included in the Project Implementation Manual;

(ii) (A) suspend in whole or in part the right of the selected CSO Beneficiary to benefit from the proceeds of the Competitive Grant, or obtain a refund of all or any part of the amount of the Competitive Grant then withdrawn, upon the selected CSO Beneficiary’s failure to perform any of its obligations under the Competitive Grant Agreement; or (B) terminate the Competitive Grant Agreement, as the case may be;

(iii) exercise its rights and carry out its obligations under each Competitive Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing; and

(iv) except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Competitive Grant Agreement or any provision thereof.

(b) the obligation of the selected CSO Beneficiary to:

(i) maintain adequate records and accounts, and make available such documentation to the Recipient and any other information that the Recipient may request in order to comply with its obligations under Section II of this Schedule;

(ii) ensure that the Competitive Grants are used for the intended purpose; and

(iii) carry out the pertinent Competitive Subproject with due diligence and efficiency and in accordance with the provisions of the Project Implementation Manual, the Anti-Corruption Guidelines applicable to the recipient of Grant proceeds other than the Recipient, and the pertinent provisions of this Agreement, including financial management and procurement.

E. Project Implementation Manual

1. The Recipient shall prepare under the criteria acceptable to the Association, the Project Implementation Manual for the Project, setting forth, inter alia, the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) the model form for the Competitive Grant Agreement; (iii) the development, approval, monitoring and evaluation of Competitive Subprojects and terms and conditions of, and procedures for the award of, Competitive Grants; (iv) terms of reference for the Independent Verifiers; (v) disbursement and financial management; (vi) procurement; and (vii) monitoring, evaluation, reporting and communication.

2. The Recipient shall carry out Parts A, B.1, C and D of the Project and shall cause Parts B.2 and B.3 of the Project to be carried out by the Project Implementing Entity in accordance with the Project.
Implementation Manual, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual, or any provision thereof.

3. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

F. Annual Work Plans and Budgets.

1. Not later than November 30 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Recipient shall prepare a draft annual work plan and budget for the Project activities proposed for inclusion in the Project (including proposed Competitive Subprojects, Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested.

2. The Recipient shall furnish such draft annual work plan and budget to the Association and afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Project steering committee ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior written approval.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

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: (a) finance Eligible Expenditures and; (b) repay the Preparation Advance in the amount allocated and, if applicable, up to the percentage set forth against each category of the following table:
<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, non-consulting services, consulting services, Training and Operating Costs under the Project, except for Parts B.2, B.3 and C.3(b)</td>
<td>7,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Competitive Grants under Part C.3(b) of the Project</td>
<td>400,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Payments under Eligible Expenditure Programs under Parts B.2 and B.3 of the Project</td>
<td>2,800,000</td>
<td>100% of amounts allocated to DLIs as set out in Schedule 3 of this Agreement and as reported under the EEP Spending Reports for each Withdrawal</td>
</tr>
<tr>
<td>(4) Refund of Preparation Advance</td>
<td>400,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,700,000</td>
<td></td>
</tr>
</tbody>
</table>

2. Notwithstanding the provisions of paragraph 1 above, 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 $1,200,000 may be made for Eligible Expenditures under Category (3) incurred up to twelve (12) months prior to this date;
(b) under Category (2) until and unless the Association has received the first Competitive Grant Agreement in form and substance satisfactory to the Association;

(c) under Category (3), for any DLI until and unless the Association has received from the Independent Verifiers, the EEP Spending Reports confirming that the DLI has been achieved and containing a proposal for disbursement under each Withdrawal.

3. With respect to the withdrawals under Category (3), payments shall be made on a bi-annual basis each year during Project implementation upon timely submission by the Recipient of a withdrawal request acceptable to the Association, such withdrawal request shall include evidence in form and substance acceptable to the Association of EEPs incurred for the period preceding the withdrawal request as presented in the EEP Spending Reports and supporting documents showing the eligibility of expenditures.

4. Notwithstanding the provisions of paragraph 1 and 2 of this Section, if the Association is not satisfied that a particular DLI has been fully achieved, the Association may, at its discretion: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds allocated to said DLI, which in the opinion of the Association corresponds to the degree of achievement of such DLI; (ii) authorize the unwithdrawn amount by which such disbursement has been reduced due to partial achievement of a DLI, be carried forward to subsequent Withdrawals; and/or (iii) cancel all or portion of the proceeds of the Financing allocated to such DLI.

5. If, at any time, the Association determines that any portion of the Financing was used for the Eligible Expenditure Programs, and was not supported by evidence of actual spending by the Recipient or the Project Implementing Entity under said Eligible Expenditure Programs and/or by evidence of satisfaction of other criteria set forth in this Agreement or in the Project Implementation Manual, the Recipient shall refund or shall cause to be refunded by the Project Implementing Entity any such portion to the Association as the Association shall specify by notice to the Recipient. The Association may, at its own discretion, cancel such refunded amount.

6. The Closing Date is October 31, 2022.

Section IV. Other Undertakings

Not later than three (3) months after the Effective Date, the Recipient shall set up within PCU a computerized accounting system to support Project implementation and generate financial statements.
## SCHEDULE 3

**Disbursement-Linked Indicators**

<table>
<thead>
<tr>
<th>DLIs</th>
<th>Target</th>
<th>Amount of the Financing Allocated Per DLI (expressed in SDR)</th>
<th>Indicative timeline for DLIs disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DLI 1: Increase in tax revenue assessed through audits</strong></td>
<td>DLI 1.1: Full automation of cross-checking of taxpayer returns for VAT and customs declarations</td>
<td>355,000</td>
<td>May 2018</td>
</tr>
<tr>
<td></td>
<td>DLI 1.2: 15% of OTR qualified operational staff who are deployed for field audits</td>
<td>355,000</td>
<td>May 2019</td>
</tr>
<tr>
<td><strong>DLI 2: Increase in registered and filing taxpayers in Lome</strong></td>
<td>DLI 2.1: Completion of general taxpayer census in Lome</td>
<td>457,000</td>
<td>May 2019</td>
</tr>
<tr>
<td></td>
<td>DLI 2.2: Increase in registered taxpayers by 15 percent</td>
<td>710,000</td>
<td>May 2020</td>
</tr>
<tr>
<td></td>
<td>DLI 2.3: Increase in filing by income taxpayers with a turnover exceeding 10 million FCFA by 30 percent</td>
<td>355,000</td>
<td>May 2022</td>
</tr>
<tr>
<td><strong>DLI 3: An increase in taxpayer satisfaction</strong></td>
<td>DLI 3.1: Set up an electronic system of taxpayer filing and documentation</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLI 3.2: Reduced average length of time to address taxpayer requests from 12 days to 6 days</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLI 3.3: Increase of large taxpayers satisfied with the responsiveness of OTR to their requests from 43.8% to 60%</td>
<td>568,000</td>
<td>May 2020</td>
</tr>
<tr>
<td><strong>Total Financing Allocated</strong></td>
<td></td>
<td><strong>2,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. "Annual Work Plans and Budgets" means each annual work plan, together with the related budget, for the Project prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.


3. "BOOST" means a monitoring tool of the state budget execution, providing budget data, including expenditure data, according to appropriate functional and economic classifications, to policy makers and practitioners within the government, researchers, and civil society.

4. "Category" means a category set forth in the table in Section III.1 of Schedule 2 to this Agreement.

5. "Citizen Budget" means a simplified budget that summarizes the overall national budget and an overall overview of sectoral allocations.

6. "Citizen Report Cards" means systematic feedback loops on key services and evidence-based citizen feedback on quality and accessibility services in three subsectors (urban water supply, primary education, and maternal and child health).


8. "Competitive Grant" means the proceeds of the Financing to be granted to a CSO Beneficiary under Part C.3(b) of the Project.

9. "Competitive Grant Agreement" means a contract to be signed between the Recipient and a CSO Beneficiary for the award of a Competitive Grant under Part C.3(b) of the Project.

10. "Competitive Subproject" means a specific competitive project identified by the Recipient and carried out by a CSO Beneficiary under Section I.D of Schedule 2 to this Agreement, utilizing the proceeds of a Competitive Grant.

11. "Court of Accounts" means the Cour des Comptes, the Recipient's supreme audit institution, established and operating pursuant to Organic Law n° 98-014 dated July 10, 1998 related to the organization and operating of the Court of Accounts and to Organic Law n° 2009-003 dated April 15, 2009 related to the status of financial Judges.
12. "CSO" means civil society organization.

13. "CSO Beneficiary" means a selected civil society organization entitled to receive a Competitive Grant under Part C.3(b) of the Project, under selection criteria acceptable to the Association, as further described in the Project Implementation Manual.

14. "Disbursement-Linked Indicators" or "DLIs" means a set of indicators specified in Schedule 3 to this Agreement.

15. "EEP" or "Eligible Expenditure Programs" means a set of defined expenditures for goods, consulting and non-consulting services, Training, salaries and Operating Costs made by the Project Implementing Entity for Parts B.2 and B.3 of the Project.

16. "EEP Spending Reports" means the annual reports to be sent to the Association, prepared by the Project Implementing Entity and reviewed by the Independent Verifiers in accordance with the details provided in the Project Implementation Manual to make disbursement recommendations for each Withdrawal based on the spending status of the Eligible Expenditure Programs and the compliance with the Disbursement-Linked Indicators.

17. "European Commission" means the executive body of the European Union, established by the Treaty of Rome which led to the establishment of the European Economic Community on January 14, 1958, as further amended by the Treaty of Maastricht in 1993 and the Treaty of Lisbon in 2009.

18. "Financial Operation Table" means a table of the Recipient's quarterly financial transactions.


20. "Independent Verifiers" means the independent verifiers referred to in Section I.C.1. of Schedule 2 to this Agreement, recruited to prepare the EEP Spending Reports.

21. "Internal Audit Framework" means the internal audit mechanism developed by the Recipient to ensure effective coordination among internal audit bodies.

22. "MDAs" means Recipient's key line ministries, departments, and agencies.

23. "MoF" means the Recipient's ministry responsible for finance and any successor thereto.

24. "MPD" means the Recipient's ministry responsible for planning of development and any successor thereto.

26. "Operating Costs" means recurrent costs of the Project: (i) operation and maintenance of vehicles, repairs, rental, 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) small office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel, accommodation and per diem costs for technical staff carrying out training, preparatory, supervisory and quality control activities.

27. "PFM" means public financial management.

28. "PFMCU" means the public financial management coordination unit established under the MoF pursuant to Decree No. 2008-031/PR, dated February 15, 2008, responsible for coordinating the Recipient's PFM reforms under the Recipient's PFM Reform Strategy.

29. "PFM Reform Strategy" means the Recipient's strategy to reform public financial management.

30. "PIP" means public investment program.

31. "PIP Committee" means public investment program inter-ministerial committee.

32. "PPP" means public-private partnership.

33. "Preparation Advance" means the advance referred to in Section 2.07(a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 9, 2017 and on behalf of the Recipient on July 7, 2017.

34. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.

35. "Project Coordination Unit" or "PCU" means the unit established within the PFMCU responsible for the day to day coordination and implementation of the Project.

36. "Project Implementation Manual" means the manual referred to in Section I.E of Schedule 2 to this Agreement, as the same may be revised from time to time with the prior written consent of the Association.

37. "Project Implementing Entity" means OTR.


39. "Project Steering Committee" means the steering committee established by the Recipient and responsible for overall coordination of Project implementation of which the members will be financed by the Recipient.
40. "Signature Date" means the latest 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.

41. "Subsidiary Agreement" means the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.


43. "TF Grant" means a grant to be extended by the Association, acting as administrator of the Trust Fund, to the Recipient, as referred to in the Preamble to this Agreement.

44. "TF Grant Agreement" means the European Commission Trust Fund Grant Agreement referred to in the Preamble to this Agreement, to be entered into between the Association, acting as administrator of the Trust Fund, and the Recipient, for the provision of the TF Grant, as such agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemented to the TF Grant Agreement.

45. "Training" means the reasonable cost of training of persons involved in Project-supported activities, based on the proposed training plans approved by the Association, such term including scholarships, seminars, workshops, and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation, acquisition and reproduction of training materials, and other costs directly related to training preparation and implementation.

46. "Trust Fund" means the trust fund to be funded by the European Commission and administered by the Association for the provision of the TF Grant, and referred to in the Preamble to this Agreement.

47. "Withdrawal" means each withdrawal under Categories of the table in Section III.1 of Schedule 2 to this Agreement.