Financing Agreement

(Youth Employment Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 10, 2014
FINANCING AGREEMENT

AGREEMENT dated April 10, 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 twenty two million
ten thousand Special Drawing Rights (SDR22,900,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be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 April 15 and October 15 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 MCMEJF.

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) As 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.

(b) The Steering Committee Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of said Steering Committee to perform any of its obligations under this Agreement.

(c) The Project Coordination Unit Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of said Project Coordination Unit to perform any of its obligations under this Agreement.

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 Recipient has recruited for the Project Coordination Unit, a Coordinator, financial management analyst, and procurement specialist; all in form and substance acceptable to the Association and with terms of reference and qualification 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
Washington, D.C.
AGREED at Washington D.C., USA, as of the day and year first above written.

REPUBLIC OF BENIN

By

Authorized Representative

Name: Joana A. Oklahan
Title: Minister of Economy & Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Ousmane Dragana
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve access to employment skills and employment opportunities for underemployed youth in Benin.

The Project consists of the following parts:

Part 1: Developing Skills through Apprenticeships

Support the Recipient to improve access for underemployed youth to apprenticeships of improved quality in skilled trades, and help the Recipient and private sector trade associations to expand and improve nationally recognized certification for skills learned in such apprenticeships, by:

(a) scaling-up apprenticeship certifications in new trades, equipping training centers, and improving access to classroom training for apprentices to complement the on-the-job training received;

(b) improving quality of apprenticeships through: (i) the development of a program of life and money skills training to accompany the technical training in the apprenticeships; and (ii) support training to update the technical and pedagogical skills of master artisans; and

(c) increasing access of young women to apprenticeships in a wider range of trade sectors through adequate incentives.

Part 2: Developing Small Business Skills

Support ANPE to scale up and improve the quality of its existing programs to assist predominantly underemployed youth to develop skills related to establishing and managing a small business, including:

(a) developing training modules for life skills training, business training, and business plan preparation for beneficiaries of different levels of literacy;

(b) supporting the formation of business groups and facilitation to help beneficiaries to pair with existing private sector firms; and

(c) supporting short vocational trainings in high potential sectors.

Part 3: Start-up Support

(a) Provide non-reimbursable start-up funding for individuals and groups for the initial phase of their activities; and
(b) Provide mentoring to help youth address problems that may confront them as they try to establish their business, to market themselves, and to identify opportunities.

Part 4: Institutional Capacity Building and Project Management

(a) Strengthen the capacity of the Recipient for the coordination, design, implementation, and monitoring and evaluation of youth employment activities; strengthen the capacity of private and public sector institutions to engage in an informed policy dialogue on professional skills and employment on a regular basis, particularly on the alignment of public sector training programs with private sector needs; support improved coordination of youth employment activities; and improve the knowledge base on employment and professional skills; and

(b) Support the Project Coordination Unit’s coordination and management activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain throughout the period of Project implementation: (i) the Steering Committee to serve as the oversight entity for the Project; and (ii) the Project Coordination Unit within MCMEJF to run the day-to-day management of the Project; both with the composition and powers acceptable to the Association as further described in the Project Operations Manual.

B. Partnership Contracts

1. To facilitate the carrying out of the Project, the Recipient, through the Project Coordination Unit, 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: (i) FODEFCA for Part 1 of the Project; and (ii) ANPE for Parts 2 and 3 of the Project, under partnership contracts to be entered into (and thereafter maintained) between the Project Coordination Unit within three months after Effectiveness, on the one hand, and each of FODECA and ANPE, on the other hand, all under terms and conditions approved by the Association, as further described in the Project Operations Manual ("Partnership Contracts").

2. The Recipient shall exercise its rights under each Partnership Contract 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 either Partnership Contracts or any provision thereof.

C. Anti-Corruption

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

D. Subgrants

1. To carry out Part 3(a) of the Project, the Recipient, through the Project Coordination Unit, shall make Subgrants to Eligible Youth under a Subgrant Agreement 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 Eligible Youth shall be selected by the Project Coordination Unit for a Subgrant.
(b) The Recipient, through the Project Implementing Unit, shall obtain rights under each Subgrant Agreement adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Eligible Youth to use the proceeds of the Subgrant, or obtain a refund of all or any part of the amount of said Subgrant, upon the Eligible Youth's failure to perform any of his or her obligations under the Subgrant Agreement; and (ii) require each Eligible Youth to carry out his or her obligations with due diligence and efficiency.

2. The Project Coordination Unit shall exercise its rights under each Subgrant Agreement in such manner as to protect the interests of the Recipient, the Eligible Youth and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Coordination Unit shall not assign, amend, abrogate or waive any Subgrant Agreement or any of the provision thereof.

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 and Non-consulting Services. All goods 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, and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Limited International Bidding; and (d) Direct Contracting.

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, Non-Consulting Services, Consultants’ Services, Operating Costs, Workshops and Training</td>
<td>18,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Subgrants under Part 3(a) of the Project</td>
<td>3,400,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>600,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>22,900,000</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:
   (a) for payments made prior to the date of this Agreement; and
   (b) under Category (2), unless at least three Subgrant Agreements have been signed, all in form and substance satisfactory to the Association.

2. The Closing Date is June 30, 2018.

Section V. Other Undertakings

By June 30, 2016, or such other date as the Association shall agree upon, the Recipient, through the Project Coordination Unit, shall: (i) carry out jointly with the Association, a mid-term review of 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.
**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 April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>Commencing on April 15, 2024 to and including October 15, 2033.</td>
<td>1%</td>
</tr>
<tr>
<td>commencing on April 15, 2034 to and including October 15, 2053</td>
<td>2%</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


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


5. “Eligible Youth” means one or several youth who meet the selection criteria set forth in the Project Operations Manual in order to receive a Subgrant under a Subgrant Agreement in accordance with Part 3(a) of the Project.


9. “Operating Costs” means recurrent costs of the Project with respect to: (i) operation and maintenance of vehicles, 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 of Project Coordination Unit but excluding salaries of the Recipient’s civil servants.

10. “Partnership Contract” means any of the contracts to be signed between the Recipient, through the Project Coordination Unit, on one hand and on the other hand, respectively, FODEFCA for Part 1 of the Project; and ANPE for Parts 2 and 3 of the Project, both
under terms and conditions approved by the Association, as further described in the Project Operations Manual.


12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 4, 2014 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.

13. “Project Coordination Unit” means a unit within MCMEJF in charge of the day to day management of the Project.


15. “Project Operations Manual” means a manual dated February 4, 2014 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 the Project Coordination Unit and MCMEJF in charge of the Project; (ii) the procedures for procurement of goods, non-consulting services and consultants’ services, the payment of Operating Costs, the provision of Training, the holding of Workshops, as well as the procedures for financial management and audits under the Project; (iii) the indicators to be used in the monitoring and evaluation of the Project; (iv) flow and disbursement arrangements of Project funds; (v) the criteria, detailed rules and procedures for the selection by the Project Coordination Unit of the Eligible Youth for Subgrants; (vi) the model form for the Subgrant Agreements and the Partnership Contracts; and (vii) the TORs for the financial audit for the Project; as said manual may be amended from time to time with the Association’s prior and written approval.


17. “Steering Committee” means the Interministerial Committee Responsible for Directing the Youth Employment Project (Comité Interministeriel Chargé du Pilotage du Projet Emploi des Jeunes) in charge of the general orientation and oversight for the Project.


19. “Subgrant” means a grant made or proposed to be made under Part 3(a) of the Project to an Eligible Youth for the financing of his or her vocational training.

20. “Subgrant Agreement” means an agreement to be signed between an Eligible Youth and the Project Coordination Unit for the financing of said Eligible Youth vocational training.
21. "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.