
GRANT NUMBER E166-SS

Financing Agreement

(South Sudan Energy Sector Access and Institutional Strengthening Project)

between

THE REPUBLIC OF SOUTH SUDAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E166-SS

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between THE REPUBLIC OF SOUTH SUDAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”). The Association has decided to provide this financing on the basis, among other things, of the existence of an adequate refugee protection framework. 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, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to thirty-seven million and seven hundred thousand Special Drawing Rights (SDR 37,700,000) (“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 December 15 and June 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 the Project in accordance with the provisions of Article V of the General Conditions.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: namely that the Recipient no longer has an adequate refugee protection framework.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Association is satisfied that the Recipient has an adequate refugee protection framework;
 - (b) the Recipient has adopted the Project Implementation Manual (“PIM”) in accordance with Section I.B. of Schedule 2 to this Agreement;
 - (c) the Recipient has prepared, adopted, and disclosed the Social Assessment in form and substance acceptable to the Association;
 - (d) the Recipient has established, the Project Implementation Unit (PIU) within MoED, with a structure, equipment, functions and responsibilities acceptable to the Association, including, *inter alia*, to assist the Recipient in the day-to-day management of all Project activities, including technical supervision and coordination, overall Project planning, quality oversight, communication, reporting, procurement, financial management, environmental and social risk management, and monitoring of Project activities; and
 - (e) the Recipient has recruited a project coordinator; an environmental specialist, a social specialist, a financial management specialist, a procurement specialist, a gender-based violence specialist, and a security specialist, all with qualifications, experience, integrity and terms of reference acceptable to the Association with terms of reference, integrity, and qualifications acceptable to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is its minister in charge of finance.

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

(a) the Recipient's address is:

Ministry of Finance and Planning
P.O. Box 80, Juba
Republic of South Sudan; and

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

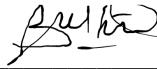
(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	+1-202-477-6391

AGREED as of the Signature Date.

THE REPUBLIC OF SOUTH SUDAN

By



Authorized Representative

Name: Dr. Bak Barnaba Chol

Title: Minister of Finance and Planning

Date: 17-Aug-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Ousmane Dione

Title: Country Director

Date: 14-Aug-2023

SCHEDULE 1

Project Description

The objective of the Project is to increase access to electricity services and strengthen the institutional capacity of the electricity sector in South Sudan.

The Project consists of the following parts:

Part 1: Grid Densification and Extension in Juba and Vicinity Areas

- (a) Acquiring and installing grid infrastructures and connections.
- (b) Expanding and intensifying the electricity grid networks to Selected Areas including, *inter alia*, Juba.
- (c) Strengthening the grid's ability to absorb new electricity generation capacity.
- (d) Acquiring and installing streetlights on distribution poles in Selected Areas, including *inter alia*, the city of Juba.

Part 2: Mini-Grid Pilot

- (a) Acquiring and installing new solar generation, battery storage and distribution infrastructure, including streetlights in Selected Areas including, *inter alia*, the town of Yei.
- (b) Refurbishing existing generation and distribution asset and associated equipment and buildings in Selected Areas including *inter alia* the town of Yei.
- (c) Increasing the electrification of households, including refugees, and commercial and institutional customers through supply and installation of new generation and distribution infrastructure and rehabilitation of the existing distribution assets in Selected Areas including *inter alia* the town of Yei.
- (d) Conducting feasibility studies for additional mini-grids in selected state capitals and other urban centers outside of Juba on the energy infrastructure needs including *inter alia* (i) stocktaking of existing infrastructure and energy consumption profiles; and (ii) preliminary mini-grid design.

Part 3: Off-Grid Electrification of Health and Selected Public Institutions through Standalone Solar Systems

- (a) Acquiring and installing solar and battery-based off-grid solutions for selected health and public institutions.
- (b) Providing technical assistance and training to personnel operating the solar and battery-based systems.
- (c) Providing equipment and material needed for operational and maintenance of selected health and public institutions.

Part 4: Technical Assistance and Capacity Building

4.1 Development of electricity sector, legal, and regulatory framework:

Providing technical assistance to develop and update the Recipient's energy regulations including *inter alia* (a) 2016 electricity bill, (b) a grid code, (c) tariff setting policies, PPP framework and (d) the 2011 South Sudan Electricity Corporation Act.

4.2 Electricity Sector Planning and Capacity Building:

- (a) Providing technical assistance to MoED to undertake generation, transmission, distribution, and electrification planning including, *inter alia*, development of electricity short- and long-term sector plans.
- (b) Carrying out a set of activity to enhance the capacity of the Recipient's energy sector staff in sector planning.

4.3 Strengthening of SSEC:

Providing technical assistance and capacity building to SSEC to: (a) develop, prepare and adopt business, human resources, and incentive plans; and (b) improving transparency through regularly prepared and audited financial statements.

4.4 Empowering selected private companies in the off-grid solar market:

Supporting the market development of South Sudan's off-grid solar sector through: (a) providing capacity building activities to off-grid solar companies to strengthen their business models and improve access to grant and debt financing; (b) strengthening South Sudan's regulatory and policy environment for off-grid solar; and (c) improving consumer awareness about off-grid solar.

4.5 Providing technical assistance and capacity building to narrow the gender gap in the electricity sector.

4.6 Support for the Project Implementation Unit (PIU) and capacity building:

Providing support for: (a) capacity building to MoED and project management including: (i) technical planning; (ii) financial management, (iii) procurement; (iv) environmental and social risk management, and (v) communications; (b) project monitoring and beneficiary feedback/grievance redress mechanism which will be accessible to refugees, internally displaced persons and host communities and complement existing grievance redress mechanisms in refugee areas; (c) impact evaluation.

Part 5: Contingent Emergency Response Component

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out the Project through the MoED.

2. PSC

By no later than one (1) month after the Effective Date, the Recipient shall establish and thereafter maintain during the implementation of the Project a Project Steering Committee (PSC), with the composition, functions, staffing and resources satisfactory to the Association, and responsible for providing oversight and policy guidance to the Project. The PSC shall be chaired by a representative of MoED, comprised of representative of MoFP, SSEC, and observer representatives including, *inter alia*, ministry in charge of health, ministry in charge of education, JEDCO, selected state government representatives, UNICEF, UNHCR, Commission for Refugee Affairs (CRA), World Bank, and the Embassy of Japan.

3. PIU

(a) The Recipient shall establish and thereafter maintain at all times during the implementation of the Project, a Project Implementation Unit (“PIU”), with terms of reference, composition, powers, functions, staffing, facilities and other resources satisfactory to the Association, to be responsible for the day to day implementation of the Project, including *inter alia*, reviewing, monitoring and evaluating the implementation progress of the Project, including the environmental and social safeguards management, financial management, procurement, monitoring and evaluation, and reporting.

(b) Without limiting the foregoing, the PIU shall include, *inter alia*, a Project coordinator; environmental specialist, social specialist, financial management specialist, procurement specialist, gender-based violence specialist, and security specialist, all with qualifications, experience, integrity and terms of reference acceptable to the Association.

B. Project Implementation Manual

1. The Recipient shall:

- (a) prepare and adopt in accordance with terms of reference acceptable to the Association, a manual, which contains Project arrangements and procedures for: (i) institutional coordination and day-to-day implementation of the Project; (ii) monitoring, evaluation, reporting and communication; (iii) the performance indicators; (iv) the reporting requirements on Project progress implementation including the timeline for reporting on any significant incident/accident in accordance with the ESCP; (v) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines (which shall be annexed thereto); (vi) allocation of functions to, and responsibilities of, UNICEF; (vii) administration, procurement, financial management and accounting; (viii) the list of Excluded Activities;
 - (b) the Recipient shall: (i) carry out the Project in accordance with the PIM that has been approved by the Association and adopted by the Recipient; and (ii) not amend, abrogate, or waive said PIM or any part thereof without the prior written approval of the Association.
2. In the event of any inconsistency between this Agreement and the PIM, the provisions of this Agreement shall prevail.

C. Owner's Engineer

The Recipient shall, not later than six (6) months, or any later agreed upon date, after the Effective Date, to hire the Owner's Engineer in accordance with terms of reference and qualifications acceptable to the Association.

D. UNICEF

For the purpose of carrying out Part 3 of the Project, the Recipient shall enter into, by no later than two (2) months after the Effective Date, and thereafter maintain throughout the period of Project implementation, an agreement with UNICEF, under terms and conditions approved by the Association (the "UNICEF Agreement"), whereby the Recipient shall: (a) hire the services of UNICEF to implement Parts 3 of the Project in accordance with the provisions of the Project Implementation Manual, and the requirements of the ESS and the Environmental and Social Instruments; (b) report regularly to the PIUs on the progress achieved in the implementation of Project activities and any challenges, incidents and/or obstacles thereto; and (c) agree on the direct payment/advance of the proceeds of the Financing from the Association to UNICEF to facilitate the implementation of activities under Parts 3 of the Project, as well as on the financial reporting and auditing requirements.

E. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected

communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;

- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association
3. The Recipient shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

G. Grievance Redress Mechanism

The Recipient shall, no later than two (2) months from the Effective Date and prior to the start of any Works, establish and thereafter maintain at all times during the implementation of the Project, a grievance redress mechanism, under terms and structure satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each quarter, covering the quarter.

Section III. Withdrawal of the Proceeds of the Financing

A. General

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:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(c) Goods, works, non-consulting services, consulting services, and Operating Costs for Part 1, Part 2, and Part 4 of the Project	29,800,000	100%
(d) Goods, works, non-consulting services, consulting services, and Operating Costs for Part 3 of the Project (UNICEF)	5,500,000	100%
(e) Refund of Preparation Advance	2,400,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
(f) Emergency Expenditures under Part 5 of the Project	0	100%
TOTAL AMOUNT	37,700,000	

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 Signature Date; or

- (b) for Emergency Expenditures under Category 4, unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (4); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is April 30, 2028.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “CERC Manual” means the manual referred to in Section E of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Operational Manual.
4. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.
5. “Commission for Refugee Affairs” means the commission established under the Recipient’s Refugees Act, 2012, or any amendment thereto.
6. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
7. “Emergency Action Plan” means the plan referred to in Section E, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
8. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section E of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 21, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

10. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
11. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
12. “JEDCO” means the Juba’s Electricity Distribution Company, or any successor thereto.
13. “MoED” means the Recipient’s ministry in charge of energy and dams.
14. “MoPF” means the Recipient’s ministry in charge of finance and planning.
15. “Operating Costs” means the reasonable incremental operating costs, based on Annual Work Plans and Budgets, incurred by the Recipient on account of Project implementation including: office equipment and supplies, maintenance of equipment, insurance costs, office administration costs, rental, consumables, accommodation, vehicle operation and maintenance costs, utilities, communication charges, per diems, travel allowances, and salaries of the Recipient’s locally contracted staff, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Recipient’s civil service.
16. “Owner’s Engineer” means an engineering firm/s contracted by the Recipient to provide support in the management, coordination, supervision, quality control and oversight of the implementation of activities financed under the Project.

17. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
18. “Project Implementation Unit” and “PIU” mean the Recipient’s implementation unit to be established pursuant to Section I.A.3 of Schedule 2 to this Agreement.
19. “Project Implementation Manual” or “PIM” means the Project implementation manual referred to in Section I.B of Schedule 2 of this Agreement, as such manual may be amended by the Recipient from time to time with the prior written agreement of the Association.
20. “Project Steering Committee” means the Recipient’s steering committee to be established pursuant to Section I.A.1 of Schedule 2 to this Agreement.
21. “Resettlement Policy Framework” or “RPF” means the framework to be prepared by the Recipient for purposes of the Project and acceptable to the Association, which sets out the resettlement principles, guidelines, organizational arrangements (including consultation and budget), and design criteria for the preparation of RAPs under the Project, as such framework may be amended from time to time with the prior written agreement of the Association.
22. “Selected Areas” means the Recipient’s territories targeted by the Project as further detailed in the PIM.
23. “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.
24. “SSEC” means the Recipient’s South Sudan Electricity Corporation established by the Southern Sudan Electricity Corporation Act 2011, or any successor thereto.
25. “South Sudan Electricity Corporation Act” means the Recipient’s corporation act adopted by the Recipient’s President dated July 7, 2011