

Public Disclosure Authorized

CONFORMED COPY with corrigenda

CREDIT NUMBER 4587-BJ

Financing Agreement

(Increased Access to Modern Energy Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2009

CREDIT NUMBER 4587-BJ

FINANCING AGREEMENT

AGREEMENT dated July 13, 2009, 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 forty seven million five hundred thousand Special Drawing Rights (SDR 47,500,000) (variously, “Credit” and “Financing”) to assist in financing Parts A.1, A.3, A.4, B.1 and C of 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 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 objectives of the Project. To this end, the Recipient shall: (a) carry out Parts A.5, B.2, C.3, C.4, and C.5 of the Project through the ESDP unit at the DGE; and (b) cause Parts A.1, A.2, A.3 and C.1 of the Project to be carried out by the CEB; Parts A.4 and C.2 of the Project to be carried out by the SBEE and Part B.1 of the Project to be carried out by the ABERME; all in accordance with the provisions of Article IV of the General Conditions and the Project Agreements.
- 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 consists of the following, namely that in the opinion of the Association, after the date of the Letter of Sector Policy:
 - (i) any of the actions specified in the Letter of Sector Policy has been materially and adversely modified without the prior written approval of the Association; or
 - (ii) the Recipient has taken any action, or has omitted to take any action, that has materially and adversely affected the intent or purposes of the Letter of Sector Policy, or the realization of the plan of actions set forth in said Letter or a significant part thereof without the prior written approval of the Association.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreements is one year of the Effective Date, or such later date as the Association may agree in writing.
- 4.03. 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 30 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 CEB Subsidiary Agreement, SBEE Subsidiary Agreement and ABERME Subsidiary Agreement have been executed on behalf of the Recipient and CEB, SBEE and ABERME respectively.
 - (b) The GEF Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
 - (c) The Recipient has established the ESDP unit within the DGE under terms of conditions, composition and resources satisfactory to the Association and has staffed said unit with a project coordinator and an environmental and social safeguards specialist, under terms of reference and with qualifications satisfactory to the Association.
 - (d) The SBEE shall adopt the SBEE Financial Improvement Plan, under terms and conditions satisfactory to the Association.
- 5.02. The Additional Legal Matters consist of the following:
- (a) The CEB Subsidiary Agreement, the SBEE Subsidiary Agreement and the ABERME Subsidiary Agreement have been duly authorized or ratified by the Recipient and the Project Implementing Entities and are legally binding upon the Recipient and the Project Implementing Entities in accordance with their respective terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. 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 the Recipient's Minister in charge of finance.

6.02. The Recipient's Address is:

Ministère de l'Économie et des Finances
B.P. 302
Cotonou
Republic of Benin

Cable:	Telex:	Facsimile:
MINFINANCES Cotonou	5009 MINFIN or 5289 CAA	(229)21301851 (229)21315356

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Cotonou, Benin, as of the day and year first above written.

REPUBLIC OF BENIN

By

/s/ Idriss L. Daouda
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Joseph Baah-Dwomoh
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve reliability, efficiency and access to modern energy services in the Recipient's territory.

The Project consists of the following parts:

Part A: Electrical Network Up-grading

1. Construction of electrical transmission interconnection between Onigbolo and Parakou.
2. Construction of electrical transmission interconnection between Sakété and Porto Novo.
3. Technical assistance for the supervision of the works undertaken under Parts A.1 and A.2 of the Project.
4. Rehabilitation and reinforcement of the SBEE electrical distribution network in major urban centers in Benin with a view to improving the quality of power supplied.
5. Improving lighting and appliance efficiency in urban areas for households that already have access to electricity through, among others: (a) promoting the replacement of incandescent light bulbs by Compact Fluorescent Lamps (CFLs); (b) introducing energy efficient product standards and a labeling scheme for air-conditioners and CFLs; and (c) carrying out of public awareness programs.

Part B: Electrification and Modern Energy Services

1. Increasing access to electricity in rural areas by:
 - (a) developing a sustainable institutional framework to support rural electrification through:

- (i) the provision of technical assistance and capacity building activities for ABERME to enable the latter to fulfill its institutional functions (including financial management, procurement, monitoring and evaluation, and environment and social safeguards related functions);
 - (ii) the preparation by ABERME of a comprehensive study with regard to potential rural electrification concessions and thereafter implementation of the recommendations of said study, and preparation of an administrative, financial and accounting manual and of an integrated financial management system for ABERME;
 - (iii) the updating of the Rural Electrification Policy, including a proposed financing mechanism for concessionaires and private operators; and
 - (iv) the provision of capacity building activities for local communities, potential private operators, and other potential stakeholders, with regard to ABERME's functions and rural electrification.
- (b) implementing of at least four (4) small pilot rural electrification operations, with community participation, under which the Rural Electrification Fund shall finance the development of business plans from potential private operators and part of the investment related costs of the approved pilot operations.

2. Modernizing biomass energy services by:

- (a) promoting community-based sustainable wood-fuel supply systems through the implementation of a community forest management plan for 300,000 hectares of forests in the Recipient's territory in the Moyen Ouémé region.
- (b) promoting biomass energy efficiency and inter-fuel substitution by:
 - (i) expanding the adoption of improved carbonization systems to maximize wood to charcoal conversion efficiency;

- (ii) supporting private sector-based improved cookstove programs and private sector-based liquefied petroleum gas inter-fuel substitution programs; and
 - (iii) strengthening the capacity of the DGE to implement the energy sector information and monitoring system;
- (c) promoting the delivery of local rural community development services and participatory activities in the Moyen Ouémé region as incentive mechanisms for compliance with the sustainable community forest management plan implemented under paragraph (a) above, including:
- (i) encouraging community participation in forest management decisions;
 - (ii) improving access to and sustainable exploitation of non-wood forest products by the local communities;
 - (iii) generating forest employments for local people, and promoting sound forest exploitation techniques;
 - (iv) promoting apiculture and reforestation activities; and
 - (v) using forest revenues to provide financial support to local development plans.

Part C: Sustainable Energy Services

1. Provision of technical assistance to CEB to improve its financial autonomy and performance through: (a) the preparation of a five (5) year business development plan, and (b) capacity building.
2. Provision of technical assistance to SBEE to improve its financial autonomy and performance through: (a) the preparation of a five (5) year business development plan, including a clear mapping of its distribution network, and (b) capacity building.
3. Provision of technical assistance to enhance the capacity of DGE to assess and make recommendations with regard to the electricity sector regulatory framework.

4. Preparing an update to the Recipient's energy sector master plan of 1997 to guide overall least cost energy sector development, and establishment of a sector coordination mechanism to ensure least cost implementation planning.
5. Provision of technical assistance to enhance the capacity of the relevant Recipient's public entities to actively monitor environmental and social safeguards as they relate to the energy sector.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The MoWE shall be responsible for, *inter alia*, the: (i) overall coordination, facilitation and supervision of the implementation of the Project; (ii) validation of the annual work programs and budgets of the ESDP unit and of the Project Implementing Entities; (iii) examination of the progress reports for the Project prepared and submitted by the ESDP unit and each of the Project Implementing Entities; (iv) resolution of any potential conflicts that may arise between the different entities involved in the implementation of the Project; (v) submission to the Recipient of consolidated Project implementation progress reports; and (vi) follow up on the recommendations of the mid-term review in accordance with the terms set forth in paragraph 1 (c) of Part A of Section II to this Schedule.

2. (a) The Recipient shall maintain throughout Project implementation, the ESDP unit within the DGE at the MoWE, with terms of reference, composition and resources satisfactory to the Association, including staff specialized in environmental and social safeguards.

(b) The ESDP unit shall be responsible for, *inter alia*, the: (i) day-to-day financial management under Parts A.5, B.2, C.3, C.4 and C.5 of the Project, including audits and management of the designated accounts; (ii) oversight of all technical, social, and environmental matters relating to Project implementation; (iii) monitoring and evaluation of Project activities; (iv) carrying out of the procurement of goods and services for Parts A.5 B.2, C.3, C.4 and C.5 of the Project; (v) managing any Training activity carried out at the national level; and (vi) providing technical assistance to the Project Implementing Entities.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Project Implementing Entities respective parts of the Project, the Recipient shall enter into a subsidiary agreement with each Project Implementing Entity, under terms and conditions approved by the Association, which shall include, *inter alia*: (a) the tasks and responsibilities of Project Implementing Entities in the implementation of their respective parts of the Project; (b) the terms and conditions under which the transfer of funds of the Financing available to ABERME on a non-refundable grant basis from the

Recipient to ABERME shall take place; (c) the terms and conditions under which the transfer of funds of the Financing available to CEB and SBEE respectively on a sub-lending basis from the Recipient to CEB and SBEE respectively shall take place; (d) the Project Implementing Entities' undertaking to carry out their respective parts of the Project in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan and grant proceeds other than the Recipient; (e) the Association's and the Recipient's right to require audits of the Project Implementing Entities' respective records and accounts; (f) the Recipient's right to respectively suspend, terminate or accelerate, or seek refund, of the sub-loan to CEB or to SBEE; and (g) the Recipient's right to suspend, terminate, or seek refund, of the sub-grant to ABERME.

2. The Recipient shall exercise its rights under the CEB Subsidiary Agreement, SBEE Subsidiary Agreement and the ABERME Subsidiary Agreement 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 the CEB Subsidiary Agreement, the SBEE Subsidiary Agreement and the ABERME Subsidiary Agreement or any of their respective provisions.

C. Anti-Corruption

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

D. Manual

1. Except as the Association shall otherwise agree, the Recipient and each of the Project Implementing Entities shall: (i) carry out, the Project in accordance with the Project Implementation Manual and the Rural Electrification Fund Manual; (ii) except as the Association shall otherwise agree, not amend, abrogate; or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision of either one thereof, without the prior written agreement of the Association.
2. In the event of any conflict between the provisions of the Project Implementation Manual and the Rural Electrification Fund Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Safeguards

1. The Recipient shall ensure that:

(a) the Project and each Sub-project is implemented in accordance with the provisions of the Environmental and the Social Management Framework, and Resettlement Policy Framework, and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned;

(b) Part A.1 of the Project is implemented in accordance with the provisions of the Environmental and Social Impact Assessment for Onigbolo - Parakou Transmission Line and the Resettlement Action Plan for Onigbolo - Parakou Transmission Line and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned; and

(c) Part A.2 of the Project is implemented in accordance with the provisions of the Environmental and Social Impact Assessment for Sakété - Porto Novo Transmission Line and the Resettlement Action Plan for Sakété - Porto Novo Transmission Line and except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned.

2. The Recipient shall:

(a) ensure that Sub-projects likely to have an adverse environmental or social impact shall be appraised, approved, and monitored in accordance with the provisions of the Environmental and Social Management Framework, and the Resettlement Policy Framework, and such specific procedures set out in the aforementioned;

(b) in cases of any Sub-project requiring the adoption of an Environmental and Social Management Plan (ESMP) and/or Resettlement Action Plan (RAP): (i) proceed to have such ESMP or RAP as the case may be developed, submitted to the Association for review and approval, and, thereafter, adopted, prior to the implementation of the Sub-project; and (ii) thereafter take such measures as necessary or appropriate to comply with the requirements or such ESMP or RAP, as the case may be; and

(c) in cases of any resettlement activity involving Displaced Persons, ensure that no displacement or restriction or access to legally designated parks and protected areas shall occur before necessary resettlement measures consistent with the RPF and RAP are in place, including in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.

3. Without limitation upon its reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association on a semester basis reports on the status of compliance with the ESMF, RPF, ESIA, ESMPs and RAPs, if any, and give details of: (a) measures taken in furtherance of such ESMF, RPF, ESIA, ESMPs and RAPs, if any; (b) conditions, if any, which interfere or threaten to interfere with the implementation of such ESMF, RPF, ESIA, ESMPs and RAPs, if any; and (c) remedial measures taken or required to be taken to address such conditions.
4. In the event of any conflict between the provisions of the ESMF, or the RPF, or ESIA, or ESMPs or RAPs and those of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall ensure that all legal and administrative urban planning and environmental permits and authorizations necessary to carry out Parts A.1, A.2, A.4 and B.1 (b) of the Project are secured in a timely manner and with due diligence in compliance with the laws of the Recipient.

F. Sub-projects for Part B.1 (b) of the Project

The Recipient shall by not later than December 31, 2010 replenish the Rural Electrification Fund in order to enable ABERME to finance the pilot sub-projects in accordance with the terms and conditions set forth in the Rural Electrification Fund Manual and the Recipient's Law No. 2006-16 dated March 20, 2007 on the Electricity Code.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall:

(a) 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 below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report;

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following: (i) reduce the power losses in the Recipient's electricity transmission and distribution network; (ii) increase the number of persons that benefit from improved access to modern energy and electricity services; and (iii) ensure that the Recipient's transmission network responds to (N-1) criteria;

(c) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about June 30, 2012 a report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(d) review with the Association, by July 31, 2012 or such later date as the Association shall request, the report referred to in sub-paragraph (c) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

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 (6) 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 45 days after the end of each semester, consolidated interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements, and shall cause CEB, SBEE, and ABERME to have their 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 a Fiscal Year, commencing with the Fiscal Year in which the first withdrawal was made under the Credit. 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 Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) <i>Limited International Bidding</i>
(b) <i>National Competitive Bidding</i>
(c) <i>Shopping</i>
(d) <i>Direct Contracting</i>

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) <i>Consultant’s Qualification</i>
(b) <i>Least Cost Selection</i>
(c) <i>Single Source Selection</i>
(d) <i>Individual Consultant</i>

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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Goods, works, consultants' services and Operating Costs for Parts B.2, C.3, C.4 and C.5 of the Project	4,600,000	100%
(2) Goods, works and consultants' services and Operating Costs for Part A.1 of the Project	7,500,000	35%
(3) Goods, works and consultants' services and Operating Costs for Parts A.3 and C.1 of the Project	1,350,000	100%

(4) Goods, works and consultants' services and Operating Costs for Parts A.4 and C.2 of the Project	22,000,000	100%
(5) Goods and consultants' services and Operating Costs for Part B.1(a) of the Project	1,350,000	100%
(6) Goods, works, consultants' services, and Subprojects under Part B.1(b) of the Project	5,500,000	100%
(7) Unallocated	5,200,000	
TOTAL AMOUNT	47,500,000	

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 date of this Agreement.
 - (b) under Category (5) unless the Recipient has provided evidence satisfactory to the Association that ABERME is fully operational in terms of financial management, including financial and accounting procedures prepared by ABERME under terms satisfactory to the Association and a computerized accounting and financial management system satisfactory to the Association.
2. The Closing Date is June 30, 2015.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2019 to and including April 15, 2029	1%
commencing October 15, 2029 to and including April 15, 2049	2%

* 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**

1. “ABERME” means *Agence Béninoise d’Electrification Rurale et de Maîtrise de l’Energie* established pursuant to the Recipient’s Decree No. 2004-424 dated August 4, 2004 concerning the approval of the statutes of the ABERME and the Recipient’s Law No. 2006-16 dated March 27, 2007 on the Electricity Code of the Republic of Benin.
2. “ABERME Project Agreement” means the agreement between the Association and ABERME of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the ABERME Project Agreement.
3. “ABERME Subsidiary Agreement” means the agreement referred to in Sections 5.01 (a) and I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to ABERME, as the same may be amended from time to time, and such term includes all schedules to the ABERME Subsidiary Agreement.
4. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
5. “Beneficiary” means a person or a company legally established in the Recipient’s territory which will benefit from financial assistance for the purposes of carrying out a Sub-project (as defined hereinafter).
6. “Beneficiary Agreement” means the agreement to be entered into between a Beneficiary and ABERME, under terms and conditions satisfactory to the Association for the purposes of carrying out Part B.1 of the Project.
7. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
8. “CEB” means *Communauté Electrique du Bénin*, an international public enterprise established and operating pursuant to the *Accord Relatif à l’Institution d’un Code Daho-Togolais de l’Electricité et à la Création d’une Communauté Electrique du Bénin*, between the Borrower and the Togolese Republic, dated July 27, 1968;

9. “CEB Project Agreement” means the agreement between the Association and CEB of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the CEB Project Agreement.
10. “CEB Subsidiary Agreement” means the agreement referred to in Sections 5.01 (a) and I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to CEB, as the same may be amended from time to time, and such term includes all schedules to the CEB Subsidiary Agreement.
11. “Co-financier” means any or more of the following: EIB, KfW, the World Bank acting as an administrator of GEF and the World Bank acting as an administrator of ESMAP, referred to in paragraph 10 of the Appendix to the General Conditions.
12. “Co-financing” means an amount of approximately US\$23,090,000 in the case of the EIB loan, an amount of approximately US\$18,700,000 in the case of the KfW grant, an amount of US\$1,818,182 in the case of the GEF grant and an amount of approximately US\$2,000,000 in the case of the ESMAP grant, to be provided by the Co-financiers to assist in financing part of Part A.1 of the Project and Parts A.2, A.5 and B.2 of the Project.
13. “Co-financing Agreement” means any or more of the following: EIB Loan Agreement (as defined hereinafter), KfW Financing Agreement (as defined hereinafter), GEF Financing Agreement (as defined hereinafter), and ESMAP Financing Agreement (as defined hereinafter), entered into or to be entered into, as the case may be, between the Recipient and the Co-financiers providing for the Co-financing.
14. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
15. “DGE” means the General Energy Department (*Direction Générale de l’Energie*) within the Ministry of Environment, established pursuant to the Recipient’s Decree No. 2006-461 dated September 7, 2006.

16. “Displaced Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
17. “EIB” means the European Investment Bank.
18. “EIB Loan Agreement” means the loan agreement to be entered between the Recipient and the EIB for the financing of part of Part A.1 of the Project, as the same may be amended from time to time, and such terms includes all schedules to the EIB Agreement.
19. “Environmental and Social Management Plan” or “ESMP” means a Subproject-specific environmental management plan, acceptable to the Association, giving details of measures appropriate or required to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, together with budget and costs estimates, sources of funding, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, such environmental management plan, and referred to in Section I. E.2 (b) of Schedule 2 to this Agreement and “ESMPs” means all of them collectively.
20. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, dated January 2009, setting out the rules, guidelines and procedures to assess environmental and social impacts of the Project’s activities, and measures to reduce, mitigate or offset adverse environmental impacts and enhance positive impacts of said activities including public consultation, institutional arrangements for the implementation, monitoring and supervision of said measures and as the same may be amended from time to time with the prior written approval of the Association”.

21. “Environmental and Social Impact Assessment” or “ESIA” means a Sub-project-specific environmental and social impact assessment, acceptable to the Association, giving details of the status of the natural and social environment, and potential risks and adverse impacts thereto, which are specific to the Sub-project, along with proposed mitigation measures, and referred to in Section I.E of Schedule 2 to this Agreement and “ESIAs” means all of them collectively together with the Environmental and Social Impact Assessment for the Onigbolo - Parakou Transmission Line (as defined hereinafter) and the Environmental and Social Impact Assessment for the Sakété – Porto Novo Transmission Line (as defined hereinafter).

22. “Environmental and Social Impact Assessment for the Onigbolo - Parakou Transmission Line” means the environmental impact assessment study prepared and adopted by the Recipient, dated December 2008, and consisting of, *inter alia*: (i) a description of the site where Project activities are to be carried out under Part A.1 of the Project and the justification for said activities, including public consultation and alternatives considered during the Project design phase; (ii) the potential and actual adverse environmental impacts of the activities referred to under sub-paragraph (i) above; and (iii) an environmental and social management plan setting forth measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse environmental impacts, or to reduce them to acceptable levels and to ensure compliance of the project activities with such measures including implementation arrangements, monitoring and supervision all satisfactory to the Association, and as such may be amended from time to time with the prior written approval of the Association.

23. “Environmental and Social Impact Assessment for the Sakété – Porto Novo Transmission Line” means the environmental impact assessment study prepared and adopted by the Recipient, dated December 2008, and consisting of, *inter alia*: (i) a description of the site where Project activities are to be carried out under Part A.2 of the Project and the justification for said activities, including public consultation and alternatives considered during the Project design phase; (ii) the potential and actual adverse environmental impacts of the activities referred to under sub-paragraph (i) above; and (iii) an environmental management plan setting forth measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse environmental impacts, or to reduce them to acceptable levels and to ensure compliance of the project activities with such measures including implementation arrangements, monitoring and supervision all satisfactory to the Association, and as such may be amended from time to time with the prior approval of the Association.

24. “ESDP unit” means the Energy Services Delivery Project unit within the DGE, established for purposes of assisting in the implementation of the Energy Services Delivery Project (Cr. 3951 BEN) and in charge of the implementation of Parts A.5, B.2, C.3, C.4, C.5 pursuant to the Recipient’s *Arrêté Ministériel* No. 46 of 2004.
25. “ESMAP” means the Energy Sector Management Assistance Program, a global knowledge and technical assistance partnership administered by the World Bank to secure energy services for equitable growth and poverty reductions in an environmentally sustainable way.
26. “ESMAP Financing Agreement” means the agreement to be entered between the Recipient and the World Bank, acting as administrator of the ESMAP, in the context of the Africa Renewable Energy Access Trust Fund, for the financing of Part B.2 of the Project, as the same may be amended from time to time, and such terms includes all schedules to the ESMAP Financing Agreement.
27. “Fiscal Year” means the period from January 1 to December 31.
28. “GEF Financing Agreement” means the agreement of even date herewith between the Recipient and the World Bank, acting as an implementing agency of the Global Environment Facility (“GEF”), pursuant to which the World Bank in that capacity agrees to extend to the Recipient a grant to assist in the financing of Part A.5 of the Project, as the same may be amended from time to time, and such terms includes all schedules to the GEF Financing Agreement.
29. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
30. “KfW” means KfW Bankengruppen.
31. “KfW Financing Agreement” means the agreement to be entered between the Recipient and KfW for the financing of Part A.2 of the Project, as the same may be amended from time to time, and such terms includes all schedules to the KfW Financing Agreement.
32. “Letter of Sector Policy” means the *Lettre de Politique Sectorielle* setting forth the Recipient’s policy for the energy sector, dated March 20, 2009 and signed by the Recipient’s Minister of Finance.

33. “MoWE” means the Recipient’s Ministry of Water and Energy, or any successor thereof.
34. “Operating Costs” means the incremental expenses, based on annual budgets approved by the Association, incurred by the Recipient on account of Project implementation, management, and monitoring, including for office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, advertising expenses, travel and supervision, salaries and statutory contributions of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
35. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
36. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 27, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
37. “Project Implementing Entities” means collectively the CEB, SBEE (as defined hereinafter) and ABERME.
38. “Project Implementation Manual” means the manual which outlines, *inter alia*, the operational, institutional, financial management, procurement, environmental and social safeguards, accounting and disbursement arrangements for the implementation of the Project referred to in Section I.D of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the manual.

39. “Resettlement Action Plan” or “RAP” means the resettlement action plan referred to in Section I.E.2 of Schedule 2 to this Agreement, to be prepared, as may be required in accordance with the terms of the Resettlement Policy Framework (as defined hereinafter), if needed, and to be adopted by the Recipient in the framework of the implementation of Part B.1 (b) of the Project, on terms satisfactory to the Association, describing the social impacts of the construction and maintenance of the Sub-project(s) and providing measures for the compensation, resettlement and rehabilitation of Displaced Persons including institutional arrangements for implementation, supervision and monitoring of such measures, budget, environmental protection, participation and consultation of Displaced Persons and grievance processes available to them and referred to in Section I.E of Schedule 2 to this Agreement, as such plan may be amended from time to time with the prior written approval of the Association and “RAPs” means all of them collectively, together with the Resettlement Action Plan for the Onigbolo - Parakou Transmission Line (as defined hereinafter) and the Sakété - Porto Novo Transmission Line (as defined hereinafter).
40. “Resettlement Action Plan for the Onigbolo - Parakou Transmission Line” means the resettlement action plan, prepared and adopted by the Recipient in December 2008, describing the social impacts of the construction and maintenance of the Onigbolo - Parakou Transmission Line and providing measures for the compensation, resettlement and rehabilitation of Displaced Persons, including institutional arrangements for implementation, supervision and monitoring of such measures, budget, environmental protection, participation and consultation of Displaced Persons and grievance processes available to them and referred to in Section I.E of Schedule 2 to this Agreement, as such plan may be amended from time to time with the prior written approval of the Association.
41. “Resettlement Action Plan for the Sakété - Porto Novo Transmission Line” means the resettlement action plan, prepared and adopted by the Recipient in December 2008, describing the social impacts of the construction and maintenance of the Sakété - Porto Novo Transmission Lines and providing measures for the compensation, resettlement and rehabilitation of Displaced Persons including institutional arrangements for implementation, supervision and monitoring of such measures, budget, environmental protection, participation and consultation of Displaced Persons and grievance processes available to them and referred to in Section I.E of Schedule 2 to this Agreement, as such plan may be amended from time to time with the prior written approval of the Association.

42. “Resettlement Policy Framework” or “RPF” means the Recipient's policy framework dated December 2008, providing procedures and guidelines for the preparation, adoption, implementation, supervision and monitoring of a Resettlement Action Plan or Plans and referred to in Section I.E of Schedule 2 to this Agreement, as said Framework may be amended from time to time with the prior written approval of the Association.
43. “Rural Electrification Fund” means the public fund established pursuant to the Recipient’s Law No.2006-16 dated March 27, 2007 on the Electricity Code of the Republic of Benin and the Recipient’s Decree on the Establishment and Management of the Rural Electrification Fund of the Republic of Benin No. 2008-719 dated December 22, 2008, for the purpose of providing financing to rural electrification activities.
44. “Rural Electrification Fund Manual” means a manual setting forth administrative, financial and accounting procedures governing the disbursement of Part B.1 (b) of the Project, and such term includes all schedules and amendments to said Rural Electrification Fund Manual.
45. “Rural Electrification Policy” means the document elaborated by the DGE and adopted by the Council of Ministers on March 15, 2006, as reflected in the Council Decision Minutes No. 11/SGG/REL.
46. “SBEE” means *Société Béninoise d’Energie Electrique*, a public enterprise established pursuant to the Borrower’s Ordonnance No. 73-13 of February 7, 1973 and operating under its statutes approved by the Borrower’s Decree No. 2004-098 of March 1, 2004.
47. “SBEE Financial Improvement Plan” means the plan to be adopted by SBEE referred to in Section 5.01 of this Agreement setting forth SBEE’s debt restructuring plan and tariff increase for electricity prices of at least 20 % in 2009 to reach financial sustainability of SBEE’s operations.
48. “SBEE Project Agreement” means the agreement between the Association and SBEE of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the SBEE Project Agreement.

49. “SBEE Subsidiary Agreement” means the agreement referred to in Sections 5.01 (a) and I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to SBEE, as the same may be amended from time to time, and such term includes all schedules to the SBEE Subsidiary Agreement.
50. “Sub-project” means a specific energy sub-project activity financed or to be financed by the proceeds of the Credit for the purpose of Part B.1 of the Project.
51. “Sub-project Financing Agreement” means an agreement for the financing of a Sub-project made or proposed to be made by ABERME to a Subproject Beneficiary to finance a Sub-project.
52. “Training” means the training and training-related activities under the Project, including seminars, workshops and study tours, travel and subsistence allowances for training participants, trainers’ fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities.