

Public Disclosure Authorized

CONFORMED COPY with corrigenda

GEF GRANT NUMBER TF094664

Global Environment Facility
Grant Agreement

(Increased Access to Modern Energy Project)

between

REPUBLIC OF BENIN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated July 13, 2009

GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated July 13, 2009, entered into between:

REPUBLIC OF BENIN (“Recipient”); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”) 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 Standard Conditions or in the Financing Agreement (“Financing Agreement”) of same date between the Recipient and the International Development Association (the Association).

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Part A.5 of the Project, through the DGE, in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one million eight hundred eighteen thousand one hundred eighty two United States Dollars (\$1,818,182) (“Grant”) to assist in financing Part A.5 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section V of Schedule 2 to this Agreement.

Article V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Recipient's Minister in charge of finance.
- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions 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 World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (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 BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility**

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 gas butano inter-fuel substitution programs; and
 - (iii) strengthening the capacity of the DGE to implement the energy sector information and monitoring system; and
- (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. General**

1. Sections I.A, I.C, I.D and I.E of Schedule 2 to the Financing Agreement are hereby incorporated by reference and apply, to the extent relevant or appropriate, to the Project, and the Recipient undertakes to comply with the provisions thereof, with modifications as shown below to the following terms, wherever they appear in said Sections, unless the context otherwise requires:
 - (a) the term “Association” shall be read as World Bank;
 - (b) the term “Financing” shall be read as the Grant;
 - (c) the term “Recipient” shall be read as the Recipient of the Grant.

2. So long as any part of the Credit provided for under the Financing Agreement shall remain outstanding, and unless the Recipient has been notified otherwise by the World Bank:
 - (a) all actions taken, including approvals given, by the Association pursuant to Sections I.A, I.C I.D, and I.E of Schedule 2 to the Financing Agreement shall be deemed to be taken or given in the name and on behalf of both the Association and the World Bank; and
 - (b) any information or documentation furnished by the Recipient to the Association pursuant to the provisions of any of such Sections of the IDA Financing Agreement shall be deemed to be furnished to both the Association and World Bank.

Section II. Implementation Arrangements**A. Institutional Arrangements**

The Recipient shall ensure that the institutional arrangements required for Part A.5 of the Project are carried out in accordance with the provisions of Section 1.A of Schedule 2 to the Financing Agreement.

B. Anti-Corruption

The Recipient shall ensure that Part A.5 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Compact Fluorescent Lamps (CFLs)

1. For the purposes of Part A.5 of the Project, the Recipient shall select one or more companies in charge of the procurement and distribution of CFLs to households, businesses and public entities and the disposal of incandescent light bulbs, in accordance with the terms and criteria set forth in the Project Implementation Manual and the ESMF.
2. The Recipient through the DGE shall maintain records of the financing of the incentives to the CFLs Beneficiaries financed from the proceeds of the Grant and enable representatives of the World Bank, if the World Bank shall so request, to visit the sites where the CFLs are stored, sold, installed, collected and deposited and where the incandescent light bulbs are collected, destroyed and disposed.

D. Manual

The Recipient shall ensure that Part A.5 of the Project is implemented in accordance with the provisions of Section 1.D of Schedule 2 to the Financing Agreement.

E. Safeguards

The Recipient shall ensure that Part A.5 of the Project is implemented in accordance with the provisions of Section 1.D of Schedule 2 to the Financing Agreement and in particular the Environmental and the Social Management Framework, and the Resettlement Policy Framework.

Section III. 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 agreed with the Association. 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.
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 calendar semester, 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 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, commencing with the Fiscal Year in which the first withdrawal was made under the Grant. 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 IV. Procurement

All goods and services required for Part A.5 of the Project and to be financed out of the proceeds of the GEF Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section V. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (exclusive of Taxes)]
(1) Goods and consultants’ services under Part A.5 of the Project	1,818,182	100%
TOTAL AMOUNT	1,818,182	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is
June 30, 2015.