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**CONFORMED**

**AFREA GRANT NUMBER TF099823**

# **Africa Renewable Energy Access Trust Fund Grant Agreement**

**(Increased Access to Modern Energy Project)**

**between**

**REPUBLIC OF BENIN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
AND INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as an Administrator of the Africa Renewable Energy Access Trust Fund**

**Dated November 9, 2011**

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**AFRICA RENEWABLE ENERGY ACCESS TRUST FUND  
GRANT AGREEMENT**

AGREEMENT dated November 9, 2011, entered into between the REPUBLIC OF BENIN (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as an administrator of the Africa Renewable Energy Access Trust Fund (“World Bank”).

WHEREAS the Recipient and the Association entered into a financing agreement (“IDA Financing Agreement”) on July 13, 2009 pursuant to which the Association agreed to provide financing to the Recipient for the Project (as defined in the Appendix to this Agreement) on terms and conditions set forth therein;

WHEREAS the IDA Financing Agreement provides that the Project shall require Co-Financing (as defined in the IDA Financing Agreement);

WHEREAS reference to the term “ESMAP Financing Agreement” in the IDA Financing Agreement refers to this Agreement.

NOW, THEREFORE, 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 31, 2010 (“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 Appendix to this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part B.2(b) of the Project through the ESDP unit at the DGE in accordance with the provisions of 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 two million United States Dollars (US\$2,000,000) ("Grant") to assist in financing Part B.2(b) of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

### **Article IV Recipient's Representative; Addresses**

- 4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Recipient's minister in charge of finance.
- 4.02. 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

- 4.03. 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 INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

REPUBLIC OF BENIN

By //s// Adidjatou A. Mathys  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT AND  
INTERNATIONAL DEVELOPMENT  
ASSOCIATION  
acting as an Administrator of the  
Africa Renewable Energy Access Trust Fund

By //s// Olivier Fremont  
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 wood-fuel management through: (i) the implementation of a community forestry management plan for 300,000 ha of forests and inventorying as well as designing forestry management plan for additional 300,000 ha in the Moyen Ouémé region; (ii) strengthening the capacity of the DGE to implement the biomass energy sector information and monitoring system; and (iii) developing the legal and regulatory framework for promoting biofuels; and
  - (b) supporting biomass efficiency, inter-fuel substitution, and local economic development through: (i) training artisans involved in charcoal production on higher energy efficient conversion techniques; (ii) supporting the dissemination of tested improved charcoal cook stoves and Liquefied petroleum gas (LPG) stoves in Cotonou and Abomey-Calavi; and (iii) promoting apiculture and reforestation activities through the construction of bee-keeping facilities, the installation of water standpipes, the creation of rural wood-fuel markets, and the afforestation of selected areas in the Moyen Ouémé region.

**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. Institutional and Other 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; (iii) examination of the progress reports for the Project prepared and submitted by the ESDP unit; (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(b) 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 World Bank, 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 Part B.2(b) 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, works and services under Part B.2(b) of the Project; and (v) managing any training activity carried out at the national level.

#### B. **Anti-Corruption**

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

#### C. **Manual**

1. Except as the World Bank shall otherwise agree in writing, the Recipient shall: (i) carry out, the Project in accordance with the Project Implementation Manual; and (ii) not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision of thereof.
2. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

#### D. **Safeguards**



1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Environmental and the Social Management Framework, and Resettlement Policy Framework, and, except as the World Bank 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. Without limitation upon its reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the World Bank on a semester basis reports on the status of compliance with the ESMF, RPF, ESIA's, ESMP's and RAP's, if any, and give details of: (a) measures taken in furtherance of such ESMF, RPF, ESIA's, ESMP's and RAP's, if any; (b) conditions, if any, which interfere or threaten to interfere with the implementation of such ESMF, RPF, ESIA's, ESMP's and RAP's, if any; and (c) remedial measures taken or required to be taken to address such conditions.
3. In the event of any conflict between the provisions of the ESMF, or the RPF, or ESIA's, or ESMP's or RAP's and those of this Agreement, the provisions of this Agreement shall prevail.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports; Completion Report**

1. The Recipient shall:
  - (a) monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank and set forth in the Project Implementation Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than 45 days after the end of the period covered by such report;
  - (b) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank, 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
  - (c) review with the World Bank, by July 31, 2012 or such later date as the World Bank 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 World Bank's views on the matter.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard 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 World Bank 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 World Bank 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:

<b>Procurement Method</b>
(a) National Competitive Bidding;
(b) Limited International Bidding;
(c) Shopping; 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 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.

<b>Procurement Method</b>
(a) Least Cost Selection;
(b) Selection based on Consultants' Qualifications;
(c) Selection of Individual Consultants; and
(d) Single-source Selection.

**D. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (exclusive of Taxes)</b>
(1) Goods, works, consultants’ services and Operating Costs under Part B.2(b) of the Project	2,000,000	100%
<b>TOTAL AMOUNT</b>	2,000,000	

**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 September 30, 2012.

## APPENDIX

### Section I. Definitions

1. “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 and revised in January 2011.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CEB” means *Communauté Electrique du Bénin*, an international public enterprise established and operating pursuant to the *Accord Relatif à l’Institution d’un Code Dahomais de l’Electricité et à la Création d’une Communauté Electrique du Bénin*, between the Recipient and the Togolese Republic, dated July 27, 1968;
4. “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.
5. “DGE” means the General Energy Department (*Direction Générale de l’Energie*) within the MoWE, established pursuant to the Recipient’s Decree No. 2006-461 dated September 7, 2006.
6. “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.
7. “Environmental and Social Management Plan” or “ESMP” means a Subproject-specific environmental management plan, acceptable to the World Bank, 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.
8. “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 World Bank.

9. “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 Part B.2 of the Project pursuant to the Recipient’s *Arrêté Ministériel* No. 46 of 2004.
10. “Fiscal Year” means the period from January 1 to December 31.
11. “IDA Financing Agreement” has the meaning given to such term in the Recitals to this Agreement;
12. “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.
13. “MoWE” means the Recipient’s Ministry of Water and Energy, or any successor thereof.
14. “Operating Costs” means the incremental expenses, based on annual budgets approved by the World Bank, 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.
15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 30, 2011 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.
17. “Project Implementation Manual” means the manual adopted by the Recipient for the Project, 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.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the World Bank, and such term includes any schedules to the manual.
18. “Recipient” has the meaning given to such term in the introductory paragraph of this Agreement.
19. “Resettlement Action Plan” or “RAP” means the resettlement action plan that may be required in accordance with the terms of the Resettlement Policy Framework and to be adopted by the Recipient in the framework of the implementation of the Project, on terms satisfactory to the World Bank, 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, as such plan may be amended from time to time with the prior written approval of the World Bank.

20. “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 Resettlement Action Plan or other related plans.
21. “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.
22. “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.
23. “Standard Conditions” has the meaning given to such term in Section 1.01 of this Agreement.
24. “World Bank” has the meaning given to such term in the introductory paragraph of this Agreement.