OFFICIAL DOCUMENTS

CREDIT NUMBER 6105-BJ

Financing Agreement

(Energy Service Improvement Project)

between

REPUBLIC OF BENIN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 14 , 2017

CREDIT NUMBER 6105-BJ

FINANCING AGREEMENT

AGREEMENT dated July 14, 2017, 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 the amount of fifty-four million nine hundred thousand Euros (€54,900,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Recipient shall be equal to one quarter of one percent (¼ of 1%) of the Credit amount.
- 2.04. The Commitment Charge payable by the Recipient shall be one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.
- 2.05. The Interest Charge payable by the Recipient for each Interest Period shall be at a rate equal to two point eighty-five percent (2.85%) per annum Credit Currency plus the Fixed Spread; provided, however, that the Interest Charge payable shall in no event be less than three quarters of one percent (¾ of 1%) per annum.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. 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 carry out the Project through the ministry responsible for energy ("MEEM") in accordance with the provisions of Article IV of the General Conditions.
- 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 Event of Suspension consists of the following, namely: SBEE's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SBEE to perform any of its obligations under the Implementation Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01 The Additional Condition of Effectiveness consists of the following:
 - (a) The Implementation Agreement has been executed on behalf of the Recipient and SBEE with terms and conditions satisfactory to the Association.
- 5.02. The Additional Legal Matters consist of the following:
 - (a) The Implementation Agreement has been duly signed and authorized by the Recipient and SBEE and is legally binding upon the Recipient and the SBEE in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred twenty (120) 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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its minister responsible for finance.
- 6.02. The Recipient's Address is:

Ministère de l'Economie et des Finances B.P. 302

Cotonou

Republic of Benin

Cable address:

Telex:

Facsimile:

MINFINANCES Cotonou

Telex: 5009 MINFIN or

+229-21-30-18-51

5289 CAA

+229-21-31-53-56

6.03. The Association's Address is:

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

Telex:

Facsimile:

248423 (MCI) 1-202-477-6391

AGREED at Washington D.C., United States of America, as of the day and year first above written.

REPUBLIC OF BENIN

Name: **Hector Posset**

Ambassador Title:

INTERNATIONAL DEVELOPMENT ASSOCIATION

Ву

Katrine Sharley

Authorized Representative

Name: Katrina M. Sharkey

Title: Country Manager for Bernin

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve SBEE's operational performance; (ii) expand electricity access in targeted areas; and (iii) promote community based management of forest resources.

The Project consists of the following parts:

Part 1: Improvement of SBEE's Commercial Performance

- 1.1. Supporting the implementation and preparation of a management improvement plan, aimed at protecting revenues generated from the high-consuming customer segment, and improving management information systems and strengthening capacity to manage newly acquired systems; all through: (a) putting in place sustainable mechanisms to ensure prompt payment of electricity consumption from governmental institutions to avoid the accumulation of government arrears; (b) establishing and operationalizing a metering control system; (c) updating SBEE's customer database; and (d) establishing a theft detection and inspection team and providing Training to said team.
- 1.2. Improving SBEE's customer service, through: (a) installing and operationalizing a customer call center aimed at enabling customers to voice complaints and concerns and SBEE to track response time; (b) conducting customer satisfaction surveys and disseminating the findings online; and (c) carrying out of gender-sensitive communications and awareness campaigns aimed at the regularization of electricity connections and reducing electricity theft.

Part 2: Distribution Network Strengthening in Targeted Areas

- 2.1 Expanding medium voltage and low voltage networks in targeted areas to rebalance the loads, regularize informal electricity connections, and provide new electricity connections to selected underserved areas, including through: (a) construction of medium voltage and low voltage networks in said targeted areas; (b) acquiring and installing prepaid meters and required spare parts in distribution sub-stations; and (c) supporting the Recipient to design a payment system that allows upfront payments by installments.
- 2.2 Upgrading selected power stations to reduce the occurrences of power outages, including through replacement of electrical panels and protection systems.
- 2.3 Promoting energy efficient street lighting through: (a) acquiring and installing LED lights in selected streets; and (b) carrying out a study on the status of public

lighting, and providing recommendations to ensure sustainable management of street lighting.

Part 3: Community Based Management of Wood Fuels

Promoting forest management practices aimed at reducing pressure on forests in the Recipient's territory, by:

- Improving sustainable management of forestry resources in the Moyen and Haut Ouémé Basin regions, through: (a) supporting the implementation of forest management plans in the municipalities of Bassila, Bantè, et Djidja by financing tree nurseries, tree plantings, logistical support and provision of Training; (b) preparing new participatory forest management plans in the municipalities of the Ouémé Supérieur (Djougou, Ndali, Pèrèrè); (c) developing income-generating activities, such as bee keeping; and (d) providing technical assistance to establish an inter-municipality association regulating local forestry management bodies and rural wood markets.
- 3.2 Development of quality standards for improved cook stoves, through:
 (a) carrying out a comprehensive study on quality assurance and the value chain of cook stove production and commercialization; (b) developing a marketing and communication plan; and (c) upgrading an improved cook stoves testing center; all through the provision of technical assistance, Training and goods.

Part 4: Sector Development and Implementation Support

- 4.1 Carrying out of: (a) a generation plan and an access scale up plan aimed at supporting aspects of the Recipient's Government action plan; (b) detailed feasibility studies for priority investments from the prospectus and least cost generation and transmission plan; and (c) relevant analytical studies.
- 4.2 Strengthening the capacities of MEEM, ABERME, ANADER, and ARE to better fulfill their respective roles, including power development planning, program coordination and oversight, rural electrification program supervision, renewable energy development, and regulations development and enforcement.
- 4.3 Project coordination, management and monitoring, preparation of financial and technical audits and periodic evaluations and provisions of goods, Training, Operating Costs and consultants' services for the said purpose.

SCHEDULE 2

Project Execution

Section I. <u>Implementation Arrangements</u>

A. Institutional Arrangements.

- The Recipient shall maintain, throughout the Project implementation period, the project coordination unit ("PCU") with composition, mandate and resources satisfactory to the Association.
- 2. The Recipient shall ensure that the PCU:
 - (a) recruits, no later than three (3) months after the Effective Date, a safeguard specialist, a procurement specialist, an electrical engineer, an energy efficiency engineer; and a Project accountant to the PCU, each with qualifications and under terms of reference satisfactory to the Association; and
 - (b) shall be responsible for Project coordination, implementation and technical supervision, including: (i) carrying out Project financial management and procurement activities; (ii) preparing and endorsing Annual Work Plans; (iii) monitoring and evaluating Project activities and preparing Project progress reports and monitoring and evaluation reports; and (iv) coordinating with other stakeholders on Project implementation.

B. Implementation Agreement

- 1. In order to facilitate the carrying out of Parts 1 and 2 of the Project, the Recipient shall enter into and thereafter maintain an implementation agreement with SBEE, under terms and conditions approved by the Association ("Implementation Agreement"). The Implementation Agreement shall set out the cooperation and collaboration aspects between the Recipient and SBEE for the effective implementation of Parts 1 and 2 in accordance with this Agreement and the Project Operational Manual, including but not limited to: (i) access to SBEE premises; (ii) provision of all relevant information, documentation and technical assistance; and (iii) designating of an engineer in SBEE to serve as a focal point with the PCU, responsible for day-to-day coordination and management of aspects related to the implementation of Parts 1 and 2.
- 2. The Recipient shall exercise its rights under the Implementation Agreement in such manner as to protect the interests of the Recipient and the Association in order to accomplish the purposes of Parts 1 and 2 and of the Project. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate

or waive the Implementation Agreement or any of its provisions without the prior written agreement of the Association.

C. Anti-Corruption

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

D. Annual Work Program

- The PCU shall, not later than December 1 in each calendar year during Project implementation, prepare and furnish to the Association, a program of activities proposed for inclusion in the Project during the following fiscal year, including:

 (a) a detailed timetable and budget for the sequencing and implementation of said activities;
 (b) the types of expenditures required for such activities; and
 (c) the planned procurement methods for the expenditures ("Annual Work Program").
- The PCU shall exchange views with the Association on each such proposed Annual Work Program, and shall thereafter carry out such program of activities for such following fiscal year as shall have been agreed between the PCU and the Association.
- Only those activities, which are included in an Annual Work Program, shall be
 included in the Project. Notwithstanding the foregoing, the Annual Work Program
 may be amended from time to time to include new activities with the prior and
 written concurrence of the Association.

E. Project Operational Manual

- 1. The Recipient shall, no later than three (3) months after the Effective Date, update and thereafter maintain, in accordance with terms of reference acceptable to the Association, the Project Operational Manual ("POM"), containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) monitoring, evaluation, reporting and communication; (c) eligibility criteria, detailed rules and procedures for identification, registration and selection of targeted areas, (d) administration, financial management and accounting; and (e) such other administrative, technical and organizational arrangements, and procedures as shall be required for purposes of implementation of the Project.
- The Recipient shall afford the Association a reasonable opportunity to review the POM, and shall thereafter adopt said manual as shall have been approved by the Association.

- 3. The Recipient shall carry out the Project in accordance with the Project Operational Manual and shall not amend, abrogate, waive or permit to be amended, abrogated or waived, the said manuals, or any provision thereof, without the prior written consent of the Association.
- 4. In the event of any inconsistency between this Agreement and the POM the provisions of this Agreement shall prevail.

F. Safeguards.

- The Recipient shall ensure that the Project is carried out in accordance with the
 provisions of the ESMF, and to that end, if any activity included in an Annual
 Work Program would, pursuant to the ESMF, require the adoption of an ESMP:
 - (a) (i) prepare such ESMP and furnish it to the Association for review and approval; and (ii) thereafter adopt such ESMP prior to implementation of the activity in question; and
 - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP.
- The Recipient shall ensure that the Project is carried out in accordance with the provisions of the RPF, and to that end, if any activity included in an Annual Work Program would, pursuant to the RPF, require the adoption of an RAP:
 - (a) (i) prepare such RAP and furnish it to the Association for review and approval; and (ii) thereafter adopt such RAP prior to implementation of the activity in question; and
 - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such RAP.
- If any activity under the Project would involve Affected Persons, the Recipient shall:
 - (a) ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement mitigation measures under a Resettlement Action Plan prepared pursuant to the requirements of the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and provision of other assistance required for relocation, have been implemented;
 - (b) provide from its own resources, any financing required for any measures under sub-paragraph (a) above, including any costs associated with land acquisition required for the Project; and

- (c) Recipient shall ensure that the Project is carried out in accordance with the provisions of the Process Framework.
- 4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association every calendar semester, reports, in form and substance satisfactory to the Association, on the status of compliance with the Safeguard Instruments, giving details of:
 - (a) measures taken in furtherance of such Safeguard Instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.
- 5. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 3 of this Part F, and thereafter shall carry out or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.
- 6. The Recipient shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived any of the Safeguard Instruments or any provision thereof without the prior written approval of the Association. In case of inconsistency between this Agreement and any of the Safeguard Instruments, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 acceptable to the Association. Each
Project Report shall cover the period of one calendar semester, and shall be
furnished to the Association not later than one month after the end of the period
covered by such report.

B. Financial Management, Financial Reports and Audits

 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.

- The Recipient shall prepare and furnish to the Association not later than one (1)
 month after the end of each calendar quarter, interim unaudited financial reports
 for the Project covering the quarter, in form and substance satisfactory to the
 Association.
- 3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
- 4. The Recipient shall disclose the audited Financial Statements in a manner acceptable to the Association. The Recipient agrees that upon receipt of the Financial Statements, the Association shall make them available to the public in accordance with the Association's Access to Information Policy.
- 5. The Recipient shall recruit no later than three (3) months after the Effective Date, or such later date as the Association may agree, an internal auditor for the Project, with qualifications and under terms of reference satisfactory to the Association.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

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 "Disbursement Guidelines for Investment Project Financing" dated February 2017, 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 Financing Allocated (expressed in EUR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non- consulting services, consulting services, Training and Operating Costs under the Project.	54,762,750	100%
(2) Front-end Fee	137,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01(a) of the General Conditions
TOTAL AMOUNT	54,900,000	

B. Withdrawal Conditions; Withdrawal Period

- 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 is December 31, 2023.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15	
commencing on August 15, 2026 to and including August 15, 2040	2.35%
and on February 15, 2041, to and ending on February 15, 2047	2.45%

^{*} 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 the Recipient's Rural Electrification Agency, (Agence Beninoise de l'Electrification Rurale et de la Maitrise d'Energie) established by virtue of Decree N°2004-424 dated August 4, 2004.
- 2. "Affected Person" means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood.
- "ANADER" means the Recipient's Renewable Energy Agency (Agence Nationale de Développement des Energies Renouvelables) established by virtue of Decree N°2014-376 dated June 24, 2014.
- 4. "Annual Work Program" means the annual work program to be prepared by the Recipient in accordance with Section I.D of Schedule 2 to this Agreement for each calendar year during Project implementation including a program of activities proposed for inclusion in the Project during the following calendar year.
- "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 and as of July 1, 2016.
- "ARE" means the Recipient's National Authority for the Regulation of the Electricity Sector, (Autorité Nationale de Regulation du Secteur d'Electricité) established by virtue of Decree N°2009-182 dated May 13, 2009.
- 7. "Basis Adjustment to the Service Charge" means the Association's standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
- "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- "EURIBOR" means for any Interest Period, the Euro interbank offered rate for deposits in Euro for six months, expressed as a percentage per annum, that appears

on the Relevant Rate Page as of 11:00 a.m., Brussels time, on the Reference Rate Reset Date for the Interest Period.

- "Environmental and Social Management Framework" or "ESMF" means the 10. environmental and social safeguard framework for the Project, acceptable to the Association, and disclosed by the Recipient in a manner acceptable to the Association, and through the Association's Infoshop on May 8, 2017, which: (i) sets forth the standards, methods and procedures specifying how activities under the Project whose location, number and scale are presently unknown shall systematically address environmental, social and waste issues in the screening and categorization, sitting, design, implementation and monitoring phases during Project implementation; (ii) systematizes the environmental, social and waste impact assessments, be they limited impact assessments or full impact assessments, required for such activities before Project execution; and (iii) stipulates the procedures to be used for the preparation and approval of a sitespecific Environmental and Social Management Plan (as hereinafter defined) for any site where there exist environmental and social management issues of a type and scale sufficient to trigger safeguard concerns.
- 11. "Environmental and Social Management Plan" or 'ESMP" means a site-specific environmental and social management plan to be prepared by the Recipient in accordance with the parameters laid down in the Environmental and Social Management Framework and acceptable to the Association, setting forth a set of mitigation, monitoring, and institutional measures to be taken during the implementation and operation of the activities under the Project to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures.
- 12. "Euro Area" means the economic and monetary union of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- "Financial Center" means the principal financial center of the relevant member state in the Euro Area.
- 14. "Fixed Spread" means the Association's fixed spread for the Credit Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of this Agreement and expressed as a percentage per annum.
- 15. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

- 16. "Implementation Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient and SBEE shall set out cooperation aspects for the effective implementation of Parts 1 and 2.
- 17. "Interest Period" means the initial period from and including the date of this Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.
- 18. "LED" means a light emitting diode.
- "MEEM" means the Recipient's ministry of energy, water and mines, or any successor thereto.
- 20. "Operating Costs" means the reasonable incremental operating expense, based on annual budgets approved by the Association, incurred on amount of operation and maintenance costs arising from or related to the implementation of the Project, including costs related to office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, resettlement compensations, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.
- 21. "Process Framework" or "PF" each means the process framework for the Project, acceptable to the Association, and disclosed by the Recipient in a manner acceptable to the Association, and through the Association's Infoshop on May 8, 2017 which contains guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Affected Persons, as amended from time to time with the prior written consent of the Association.
- 22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 16, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.
- "Procurement Regulations" means the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.
- "Project Coordination Unit" or "PCU" means the Project Coordination Unit established under Section I.A of Schedule 2 to this Agreement.
- "Project Operational Manual" means the Project Operational Manual updated by the Recipient in accordance with Section I.E. of Schedule 2 to this Agreement.
- 26. "Reference Rate" means, for any Interest Period:

- (a) EURIBOR. If such rate does not appear on the Relevant Rate Page, the Association shall request the principal Euro Area office of each of four major banks to provide a quotation of the rate at which it offers six-month deposits in Euro to leading banks in the Euro area interbank market at approximately 11:00 a.m. Brussels time on the Reference Rate Reset Date for the Interest Period. If at least two such quotations are provided, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the quotations. If less than two quotations are provided as requested, the rate for the Interest Period shall be the arithmetic mean (as determined by the Association) of the rates quoted by four major banks selected by the Association in the relevant Financial Center, at approximately 11:00 a.m. in the Financial Center, on the Reference Rate Reset Date for the Interest Period for loans in Euro to leading banks for six months. If less than two of the banks so selected are quoting such rates, the Reference Rate for Euro for the Interest Period shall be equal to the Reference Rate in effect for the Interest Period immediately preceding it;
- (b) if the Association determines that EURIBOR has permanently ceased to be quoted for EURO, such other comparable reference rate for the relevant currency as the Association shall reasonably determine.
- 27. "Reference Rate Reset Date" means the day two TARGET Settlement Days prior to the first day of the relevant Interest Period (or in the case of the initial Interest Period, the day two TARGET Settlement Days prior to the first or fifteenth day of the month in which this Agreement is signed, whichever day immediately precedes the date of this Agreement; provided that if the date of this Agreement falls on the first or fifteenth day of such month, the Reference Rate Reset Date shall be the day two TARGET Settlement Days prior to the date of this Agreement).
- 28. "Resettlement Action Plan" or "RAP" means the Recipient's document prepared and disclosed in accordance with the Resettlement Policy Framework with respect to the Project, which, inter alia, (i) contains a census survey of Affected Persons and valuation of assets; (ii) describes compensation and other resettlement assistance to be provided, and consultation to be conducted with Affected Persons about acceptable alternatives.
- 29. "Resettlement Policy Framework" or 'RPF" each means the resettlement policy framework for the Project, acceptable to the Association, and disclosed by the Recipient in a manner acceptable to the Association, and through the Association's Infoshop on May 8, 2017 which contains guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Affected Persons, as amended from time to time with the prior written consent of the Association.

- 30. "Safeguard Instruments" means the Environmental and Social Management Framework, any Environmental Management Plan prepared pursuant thereto, the Resettlement Policy Framework, any Resettlement Action Plan prepared pursuant thereto, and the Process Framework.
- 31. "SBEE" means the Benin Power Utility.
- 32. "SBEE's Legislation" means the legislation establishing and governing the SBEE, or other legislation relating to the SBEE, the amending, suspension, or revocation of which would be detrimental to the Project.
- 33. "Training" means the reasonable costs of training under the Project, based on the Annual Work Programs approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

- In the Table of Contents, the references to Sections, Section names and Section numbers are modified, as necessary, to reflect the modifications set forth in the paragraphs below.
- Section 2.07 (Refinancing Preparation Advance) is retitled as "Refinancing Preparation Advance; Capitalizing Front-end Fee", amended by adding a new paragraph (b), and modified to read as follows:
 - "Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee
 - (a) If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.
 - (b) Except as otherwise provided in the Financing Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after

the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01 (a)."

 Section 3.01 (Commitment Charge) is retitled as "Front-end Fee; Commitment Charge", amended by adding a new paragraph (a), and modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

- (a) The Recipient shall pay the Association a front-end fee on the Credit amount at the rate specified in the Financing Agreement (the "Front-end Fee").
- (b) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
- Section 3.02 (Service Charge) is retitled as "Interest Charge" and modified to read as follows:

"Section 3.02. Interest Charge

The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed on the basis of a 360-day year of twelve 30-day months."

5. Section 3.03 (*Repayment of the Credit*) is modified by deleting paragraph (b) in its entirety and amending the remaining paragraph (a) to read as follows:

"Section 3.03. Repayment of the Credit

The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement."

- In the Appendix, **Definitions**, all relevant references to Sections, numbers and paragraphs are modified, as necessary, to reflect the modifications set forth in paragraphs 1 through 5 above.
- Paragraph 28 of the Appendix ("Financing Payment") is modified to read as follows:

- "28. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, interest, the Front-end Fee and the Commitment Charge."
- 8. A new paragraph 30 is inserted in the Appendix with the following definition of "Front-end Fee", and the subsequent paragraphs are renumbered accordingly:
 - "30. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.01 (a)."
- 9. A new paragraph 33 is inserted in the renumbered Appendix with the following definition of "Interest Charge", and the subsequent paragraphs are renumbered accordingly:
 - "33. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02."
- Renumbered paragraph 38 (originally paragraph 36) of the Appendix ("Payment Date") is modified by deleting the words "Service Charges" and inserting the words "Interest Charges".
- 11. Renumbered paragraph 51 (originally paragraph 49) of the Appendix ("Service Charge") is deleted in its entirety, and the subsequent paragraphs are renumbered accordingly.