H.E. Jonas Gbian  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Cotonou  
Republic of Benin

RE: Republic of Benin: Increased Access to Modern Energy Project  
(Credit 4587-BJ)

Amendment to the Financing Agreement, the GEF Grant Agreement, the AFREA Grant Agreement and the CEB Project Agreement

Excellency:

We refer to the Financing Agreement dated June 13, 2009, as amended on November 9, 2011 ("Financing Agreement"), between the Republic of Benin ("Recipient") and the International Development Association ("Association"); the Global Environment Facility ("GEF") Grant Agreement of the same date, herewith (the "GEF Grant Agreement"), between the Recipient and the International Bank for Reconstruction and Development, acting as an implementing agency of the GEF; the Africa Renewable Energy Access (AFREA) Grant Agreement dated November 9, 2011 (the "AFREA Grant Agreement") between the Recipient and the International Bank for Reconstruction and Development and International Development Association (collectively, the World Bank) (all three together, the "Agreements"); and the Project Agreement dated June 13, 2009 (the "Project Agreement") between the Association and the Communauté Electrique du Bénin ("CEB") for the above-referenced project (the "Project").

We also refer to your letter dated August 12, 2013, requesting specific amendments to the Agreements. Please note that capitalized terms used in this letter ("Amendment Letter") and not defined herein have the meaning ascribed to them in the Agreements.

We are pleased to inform you that the Association accedes to your request and proposes, through this Amendment Letter, to amend the Agreements as well as the Project Agreement as follows:

Financing Agreement / GEF Grant Agreement / AFREA Grant Agreement

1. Section 2.01 of Article 2 of the Financing Agreement is amended to read as follows:

"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 thirty seven million two hundred ninety eight thousand six hundred seventy two
Special Drawing Rights (SDR 37,298,672) (variously, “Credit” and “Financing”) to assist in financing Parts A.1, A.3, A.4, B. C and D of the project described in Schedule I to this Agreement ("Project").

2. Section 3.01 of Article III of the Financing Agreement is amended to read as follows:

"3.01 The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (a) carry out Parts A.4, A.5, B.1, B.2, B.3, C.2, C.4, C.5 and D.2 of the Project through the ESDP unit at the DGE; and (b) cause Parts A.1, A.2, A.3, C.1, D.1 and D.2 of the Project to be carried out by the CEB; all in accordance with the provisions of Article IV of the General Conditions and the Project Agreement."

3. Schedule 1 to the Agreements is deleted in their entirety and replaced with the new Schedule 1 as shown in attachment 1 to the Amendment Letter.

4. Paragraph (b) of Section I.A.1 of Schedule 2 to the Financing Agreement is amended to read as follows:

"(b) The ESDP unit shall be responsible for, *inter alia*, the: (i) day-to-day financial management under Parts A.4, A.5, B.1, B.2, B.3, C.2, C.4, C.5 and D.2 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.4, A.5, B.1, B.2, B.3, C.2, C.4, C.5 and D.2 of the Project; (v) managing any Training activity carried out at the national level; and (vi) providing technical assistance to the Project Implementing Entities."
Implementing Entity’s records and accounts; and (f) the Recipient’s right to suspend, terminate or accelerate, or seek refund, of the sub-loan to the Project Implementing Entity.

2. The Recipient shall exercise its rights under the 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 Subsidiary Agreement or any of its provisions.

7. Section I.F of Schedule 2 to the Financing Agreement is deleted in its entirety.

8. Paragraph (a) of Section II.A of Schedule 2 to the Financing Agreement is amended to read as follows:

“(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 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 45 days after the end of the period covered by such report;”

9. Paragraph (b) of Section II.A of Schedule 2 to the Financing Agreement is deleted in its entirety and the following paragraphs (c) and (d) are being renumbered “(b)” and “(c)”.

10. Paragraph 3 of Section II.B of Schedule 2 of the Financing Agreement is amended to read as follows:

“3. The Recipient shall have its Financial Statements, and shall cause CEB to 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 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.”

11. The table set forth under Section IV.A (2) of Schedule 2 to the Financing Agreement is deleted in its entirety and replaced with the table as shown in Attachment 2 to this Amendment Letter.

12. Section IV.B.1 of Schedule 2 to the Financing Agreement is amended to read as follows:

“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.”

13. Paragraph 2 of Section IV.B of Schedule 2 to the Financing Agreement is amended to read as follows:

“2. The Closing Date is June 30, 2016.”

14. Paragraphs 24 and 37 of Section I of the Appendix to the Financing Agreement are amended to read as follows:
“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.4, A.5, B.1, B.2, B.3, C.2, C.4, C.5 and D.2 pursuant to the Recipient’s \textit{Arrêté Ministériel} No. 46 of 2004.”

“37 “Project Implementing Entity” means the CEB.”

15. Paragraphs 1, 2, 3, 6, 46, 47, 48, 49, 50 and 51 of Section I of the Appendix to the Financing Agreement are deleted in their entirety and the following paragraphs are being renumbered accordingly.

\textbf{CEB Project Agreement}

16. Section 2.01 of Article II of the Project Agreement is amended to read as follows:

\begin{quote}
“2.01. The CEB declares its commitment to the objectives of the Project. To this end, the CEB shall carry out Parts A.1, A.2, A.3, C.1, D.1 and D.2 of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respectful Part of the Project.”
\end{quote}

17. Paragraph 2 of Section I.A of the Schedule to the Project Agreement is amended to read as follows:

\begin{quote}
“2. The CEB Project implementation unit shall be responsible for the overall: (i) financial management under Parts A.1, A.2, A.3, C.1, D.1 and D.2 of the Project, including audits and management of the Designated Account; (ii) oversight of all technical, social, and environmental matters relating to Parts A.1, A.2, A.3, C.1, D.1 and D.2 of Project implementation; (iii) monitoring and evaluation of Parts A.1, A.2, A.3, C.1, D.1 and D.2 of the Project activities; (iv) implementation of the CEB Subsidiary Agreement; and (v) carrying out procurement, financial management and disbursements activities for Parts A.1, A.2, A.3, C.1, D.1 and D.2 of the Project.”
\end{quote}

18. Section I.C of the Schedule to the Project Agreement is amended to read as follows:

\begin{quote}
“C. Manual

Except as the Association shall otherwise agree, the CEB shall carry out, Parts A.1, A.2, A.3, C.1, D.1 and D.2 of the Project in accordance with the Project Implementation Manual.”
\end{quote}

Please confirm your agreement with the foregoing amendments by signing and dating this Amendment Letter in the spaces provided below. Henceforward, all other provisions of the Agreements not hereby amended shall remain in full force and effect. This Amendment Letter shall be executed in three counterparts each of which shall be an original.

Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective upon receipt by the Association of copies
of the amended Project Implementation Manual and the amended Subsidiary Agreement between the Recipient and the Project Implementing Entity duly signed by the parties thereto.

Sincerely,

Madani M. Tall  
Country Director for Benin  
Africa Region

CONFIRMED AND AGREED:

REPUBLIC OF BENIN

Name of Authorized Representative

Jonas A. GBIAN
Title: Ministre de l'Économie et des Finances
Date: 24 JAN 2014

CONFIRMED AND AGREED:

COMMUNAUTE ELECTRIQUE DU BENIN

Diibril SALIFOU
Name of Authorized Representative

Title:
Date: 20 JAN 2014
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. (a) Construction of electrical transmission interconnection between Onigbolo and Parakou; and (b) provision of and installation of protection and relaying equipment.

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. (a) 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; and (b) provision of and installation of prepayment meters and connection equipment.

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 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 approximately 300,000 ha of forests and inventorying as well as designing forestry management plan for additional 300,000 ha (approximately) in the Moyen Oumé 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 Oudm region.

3. Financing the electrification of three localities in the Recipient’s territory.

Part C: Sustainable Energy Services

1. Provision of technical assistance to CEB to improve the monitoring and evaluation system and to implement the Nangbéto social audit.

2. Provision of technical assistance to SBEE to: (a) improve its financial management; (b) audit the human resources; and (c) support the restructuring of the utility company.

3. 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.

4. 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.

5. Carrying out of critical studies related to business development, engineering, environmental and social studies.

Part D. Project Preparation

1. Support the preparation of new projects including the Adjarala hydropower project by: (i) updating the ESIA/RAP; and (ii) hiring experts for the project’s preparation phase; (iii) LIDAR (Laser Imaging, Detection and Ranging) of the Mono River Basin; and (iv) other activities (technical, environmental and social) related to the preparation of Adjarala.

2. Carrying out of preparation studies of upcoming transmission and distribution projects including: (i) technical and environmental studies of transmission line from Natitingou to Porga; and (ii) technical and environmental studies of the rehabilitation and extension of the distribution system.
SECTION IV.A.2 OF SCHEDULE 2 - REVISED TABLE

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants’ services and Operating Costs for Part A.1(a) of the Project</td>
<td>9,310,593</td>
<td>35%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services and Operating Costs for Parts A.1(b), A.3, A.4, B.1, B.2(a), B.3, C.1, C.2, C.3, C.4, C.5, D.1 and D.2 of the Project</td>
<td>27,988,079</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>37,298,672</td>
<td></td>
</tr>
</tbody>
</table>