Financing Agreement

(Energy Sector Reform and Investment Project)

between

TOGOLESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
CREDIT NUMBER IDA 61680-TG

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between TOGOLESE REPUBLIC ("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) apply to and form 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, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in the amount of thirty million one hundred thousand Euros (30,100,000 €) (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 III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity;

(b) The Project Implementing Entity has established the CEET Project Unit and appointed all key staff as referred to in Section I.A.1 (b) of the Schedule to the Project Agreement; and

(c) The Project Implementing Entity has adopted the Project Implementation Manual, satisfactory to the Association.

5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity 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 10.05(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. For the purposes of Section 11.01 of the General Conditions (a) the Recipient’s address is:

Ministère de l'Economie et des Finances
Immeuble CASEF
B.P.387
Lomé - Togo
(b) the Recipient’s Electronic Address is:
Facsimile: E-mail:
(228) 22 221 0905 secretariat.ministre@economie.gouv.tg

6.03. For the purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

(b) the Association’s Electronic Address is:
Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

TOGOLESE REPUBLIC

By

[Signature]

Authorized Representative

Name: Sani Ya Jea
Title: Minister of Economy and Finance
Date: December 21, 2017

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Joelle Delhomme
Title: Country Manager
Date: December 21, 2017
The objective of the Project is to improve the operational performance of the power sector and increase access to electricity in the capital city, Lomé.

The Project consists of the following parts:

**Part A. Power Distribution Improvement and Expansion**

Supporting the rehabilitation and reinforcement of the medium voltage (MV) system in Lomé, and the expansion of the electricity network with new connections, including: (1) the rehabilitation of Lomé A, Lomé B, and Lomé Siege substations, the rehabilitation of around 71 km of underground MV network cables, the rehabilitation of around 41 MV/(LV transformation stations and the construction of 10 new MT/BT transformer stations; (2) the construction of around 39 km of underground MV cables, around 49 km of overhead MV lines, 9 MVar capacitor banks and 2 switching stations; and (3) the expansion of the electricity network in the outskirts of Lomé through the construction of around 225 km of LV lines to connect new customers and 5 MV/LV stations.

**Part B. Power Sector Reform**

Providing technical assistance for: (1) the preparation and implementation of a Management Improvement Plan as well as a review and reinforcement of the existing Revenue Protection Program targeting large customers, including the installation of smart meters and government electricity bill payments; (2) the preparation of a master plan for generation, transmission, and distribution, and the strengthening of the planning capacities of the Ministry of Mining and Energy and CEET; (3) the preparation of an energy sector viability study; (4) a review of the energy sector legal and regulatory framework; (5) the preparation of a diagnostic study of CEB and the implementation of reforms identified; and (6) the review of the Performance Contract between the Recipient and CEET.

**Part C. Project Management and Capacity Building**

Supporting project supervision and project management capacity building, through the provision of, *inter alia*: Goods, Training, Operating Costs and the recruitment of a consultant engineer to assist the Project Implementation Unit in technical issues and in the procurement process.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Steering Committee

1. The Recipient shall maintain, at all times during Project implementation, a Project Steering Committee with a mandate, composition and resources satisfactory to the Association (“Project Steering Committee”).

2. Without limitation upon the provisions of paragraph 1 of Section I.A. of this Schedule 2, the Project Steering Committee shall be chaired by the Recipient’s minister at the time responsible for energy and shall be comprised of representatives of the Project Implementing Entity, ARSE and the Recipient’s ministries at the time responsible for economy and finance.

3. The Project Steering Committee shall be responsible for: (a) reviewing and approving Annual Work Plans and Budgets; (b) monitoring the Project’s progress towards achieving its objective and key indicators; (c) ensuring inter-ministerial coordination as required for Project implementation; and (d) providing recommendations to help resolve any difficulties that the Project may face during implementation.

4. The Project Steering Committee shall meet at least annually.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to the Categories of the table set forth in Section III.A of this Schedule available to the Project Implementing Entity under a Subsidiary Agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association (“Subsidiary Agreement”).

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.

3. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Implementation Manual

1. The Recipient shall prepare, in cooperation with the Project Implementing Entity and under criteria acceptable to the Association, and adopt the Project Implementation Manual for the
Project, setting forth, *inter alia*, the detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social safeguards management; and (e) monitoring, evaluation, reporting and communication.

2. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the Project Implementation Manual, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual, or any provision thereof.

3. 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 cause the Project Implementing Entity to implement the Project in accordance with the Safeguards Instruments, and to that end, if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument, the Recipient:

   (a) shall prepare: (i) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable ESMF or RPF; (ii) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (iii) adopt such Supplemental Social and Environmental Safeguard Instrument as shall have been approved by the Association prior to implementation of the activity; and

   (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, for each Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association on the status of compliance with each Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details in relation to:

   (a) measures taken in furtherance of such Supplemental Social and Environmental Safeguard Instrument;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Supplemental Social and Environmental Safeguard Instrument; and

   (c) remedial measures taken or required to be taken to address such conditions.
E. Annual Work Plans and Budgets.

1. Not later than November 30 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Recipient shall prepare a draft annual work plan and budget for the Project activities proposed for inclusion in the Project for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested.

2. The Recipient shall furnish such draft annual work plan and budget to the Association and afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Project Steering Committee ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training and Operating costs for the Project</td>
<td>30,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>30,100,000</td>
<td></td>
</tr>
</tbody>
</table>

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 Signature Date.

2. The Closing Date is November 30, 2022.
## SCHEDULE 3

### Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15, commencing February 15, 2024 to and including August 15, 2055.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* 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

Definitions

1. "Annual Work Plans and Budgets" means each annual work plan, together with the related budget, for the Project prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

2. “Affected Persons” means persons 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; and “Affected Person” means any of the Affected Persons.

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.

4. “ARSE” means Autorité de Réglementation du Secteur de l'Electricité, the public entity responsible for regulating electricity and water sectors in the Recipient’s territory.

5. “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.

6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


9. “Environmental and Social Management Framework” or “ESMF” means the framework disclosed in the Recipient’s territory on October 17, 2017 and on the Association’s website on October 6, 2017, in form and substance satisfactory to the Association, outlining environmental and social implementation procedures, mitigation measures and monitoring procedures for the Project, as said framework may be amended from time to time with the Association’s prior written approval, and such term includes any schedules or annexes to the framework.
10. “Environmental and Social Management Plan” or “ESMP” means a plan to be prepared by the Recipient for the purposes of the Project proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association, and such term includes any schedules or annexes to the plan.


13. “Management Improvement Plan” means a plan aiming at improving CEET’s commercial management.

14. “Ministry of Mining and Energy” means the Recipient’s ministry responsible for energy, and any successor thereto.

15. “MV” means Medium Voltage.

16. “MVar” means a measurement unit for reactive power.

17. “Operating Costs” means recurrent costs of the Project: (i) operation and maintenance of vehicles, repairs, rental, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) small office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel, accommodation and per diem costs for technical staff carrying out training, preparatory, supervisory and quality control activities.

18. “Performance Contract” means an agreement to be entered into between the Recipient and the Project Implementing Entity on power operational performance, defining clear targets for indicators such as plant availability, technical losses, bill-collection rates, service quality and potential incentives for the utility management to meet those targets.


20. "Project Implementation Manual" means the manual referred to in Section I.D of Schedule 2 to this Agreement, as the same may be revised from time to time with the prior written consent of the Association.

21. “Project Implementing Entity” means CEET.

22. “Project Implementing Entity’s Legislation” means Order No 63-12, dated March 20, 1963, establishing CEET.
23. "Project Steering Committee" means the steering committee established by the Recipient and responsible for overall coordination of Project implementation of which the members will be financed by the Recipient.

24. "Revenue Protection Program" means activities aiming at securing electrical connections of large customers.

25. "Resettlement Action Plan" or "RAP" mean for a given activity under the Project which requires, pursuant to the RPF a resettlement action plan, the resettlement action plan for such activity prepared pursuant to Section I.D.1 of Schedule 2 to this Agreement, in accordance with the RPF.

26. "Resettlement Policy Framework" or "RPF" mean the Recipient's framework disclosed in the Recipient's territory on October 19, 2017 and on the Association's website on October 6, 2017, in form and substance satisfactory to the Association, containing 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.

27. "Safeguards Instrument" means the ESMF, the RPF, and any Supplemental Social and Environmental Safeguard Instruments.

28. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

29. "Supplemental Social and Environmental Safeguard Instruments" means any ESIA, ESMP or RAP required under the terms of the ESMF or RPF.

30. "Training" means the costs of activities associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget, consisting of reasonable expenditures (other than expenditures for consulting services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.