



## Millennium Challenge Account - Bénin II





*Availability of efficient and reliable electricity  
for sustainable economic growth*

**\$US 403.125 millions investment**

**US \$ 375 millions grant from MCC**

**US \$ 28.125 million contribution from Benin**

**5 years for  4 projects**

-  **Policy Reform and Institutional Strengthening Project**
-  **Electricity Generation Project**
-  **Electricity Distribution Project**
-  **Off-grid Electricity Access Project**

**1 goal**

*Availability of efficient and reliable electricity  
for sustainable economic growth*

## Welcome to MCA-Benin II



On September 9, 2015, the Government of the United States of America acting through the Millennium Challenge Corporation signed with the Government of Benin (GoB), a Compact to reduce poverty through economic growth.

With a total amount of US\$ 403,000,000, the Compact is comprised of **US\$ 375,000,000** grant and a **US\$ 28,000,000** matching contribution from the Government of Benin. Pursuant to the Compact provision, the GoB has established the Millennium Challenge Account Benin II (MCA-Benin II) as an entity in charge of implementing the Compact.

The objective of the Program is to expand business production and productivity, generate greater economic opportunities for households and improve the capacity to provide public and social services by improving the quantity and quality of the supply of electricity.

The Program comprises four projects:

- Policy Reform and Institutional Strengthening Project;

- Electricity Generation Project;
- Electricity Distribution Project;
- Off-grid Electricity Access Project.

The main activities to be implemented under the Program include reforms of the energy sector aiming at improving governance, ensuring the construction of PV plants, as well as a modern distribution dispatch and control center, the installation of mini-grids for off-grid electrification, the upgrade of the electricity distribution network in Cotonou, Porto-Novo, Bohicon, Parakou, Natitingou, and Djougou.

After the five-year Program implementation, the national additional capacity of power generation will reach **45 MW** equivalent to 20% of the current peak demand. The distribution network will be more efficient, providing Benin with an effective and reliable energy for a strong economic growth.



# Policy Reform and Institutional Strengthening Project



The reforms to be undertaken through this project are directed to strategic triggers likely to drive the improvement of the sector governance and financial viability. It involves creating conditions for professional and independent regulation, efficient use of available energy, and developing the IPP framework. To achieve these objectives, the main areas of focus are:

- Policy, Regulation Reforms and Institutional Support;
- Utility strengthening,
- Public information and Education.

Budget : **US\$ 40,670,000.**

## **POLICY, REGULATION REFORMS AND INSTITUTIONAL SUPPORT ACTIVITY**

This activity aims to improve the overall governance of the electricity sector in Benin by improving regulation, establishing a tariff policy and plan, increasing energy efficiency, strengthening the policy and institutional framework for IPPs, and supporting capacity building for the power sector entities.

## **UTILITY STRENGTHENING ACTIVITY**

This activity aims to ensure the operational independence of SBEE and improve its core

business functions so as to become more financially viable and better able to serve its customers.

Together with the sector-wide improvements from the Policy, Regulation and Institutional support activity, this activity is expected to help improve key aspects of SBEE operations and to result in its ability to better provide power to consumers of all income classes.

The utility strengthening activity includes three sub-activities:

- Implementation of governance and management reforms of SBEE (Société Béninoise d'Énergie Électrique) ;
- Strengthening of maintenance capabilities;
- Capacity building for the personnel.

## **PUBLIC INFORMATION AND EDUCATION ACTIVITY**

This activity aims to inform the public about energy sector policy reforms and to change energy use behavior through information and education about energy efficiency, renewable electricity sources and related topics. The public information and education activity will take into account language differences, education levels, gender as well as rural and urban access to information and technology.

## Generation and Distribution Projects



### ELECTRICITY GENERATION PROJECT

This project will increase Benin's domestic generation capacity while decreasing its dependence on external energy sources. Such an objective will be reached through the installation of 45 MW PV power plants at Bohicon, Parakou, Natitingou and Djougou. The estimated budget for the Generation Project is **US\$ 137,540,000**.

### ELECTRICITY DISTRIBUTION PROJECT

This project will help upgrade and modernize Benin's electricity distribution infrastructure to expand grid capacity to accommodate future

growth, improve reliability and reduce losses and outages. The Electricity Distribution Project focuses on improving the grid serving Cotonou and selected regional networks (Porto-Novo, Bohicon, Parakou, Djougou, Natitingou) as a complement to proposed solar generation investments. It will cover the construction of a modern distribution dispatch and control center (Dispatching) to more effectively manage the network. **The budget allocated to the Distribution Project is US\$ 134,400,000.**



## Off-grid Electricity Access Project



The Off-grid Electricity Access Project aims to increase access to electricity for over two-thirds of the unserved Benin's population in rural areas.

Specifically, the project will help:

- increase energy availability and improve access for critical public infrastructure, community and households;
- boost the off-grid electricity market in Benin;
- increase adoption of energy efficiency measures and the use of efficient electric equipment.

Three activities will be implemented under the project:

1. Creation of an Enabling Environment for Off-Grid Electricity;
2. Off-Grid Clean Energy Facility (OCEF);
3. Energy efficiency (in synergy with the Policy Reform and Institutional Strengthening Project.

The budget under this project amounted to **US\$ 45,890,000**.

### ACTIVITY 1: CREATION OF AN ENABLING ENVIRONMENT FOR OFF-GRID ELECTRICITY

This activity will support design and implementation of a national off-grid electrification framework that clarifies property, operations, pricing, etc.

The project specific objectives are:

- Development of a master plan for off-grid electricity;
- Design of a regulatory framework for off-grid electricity;
- Capacity building for public entities.

### ACTIVITY 2: OFF-GRID CLEAN ENERGY FACILITY

The Off-Grid Clean Energy Facility – OCEF is a grant matching fund intended to fund off-grid electricity solutions from renewable energy. The Facility will help increase access to electricity for the currently unconnected majority of the population in rural and peri-urban areas by removing initial costs

and investments barriers in the off-grid electricity sector.

Through calls for project proposals, the OCEF will seek to leverage MCC Funding through partnerships with private companies, communities, non-governmental organizations or other entities that demonstrate viable off-grid, clean energy solutions for Benin.

### ACTIVITY 3: ENERGY EFFICIENCY

The energy efficiency activities to be undertaken under the Program are part of the « Policy Reform and Institutional Strengthening Project » and the

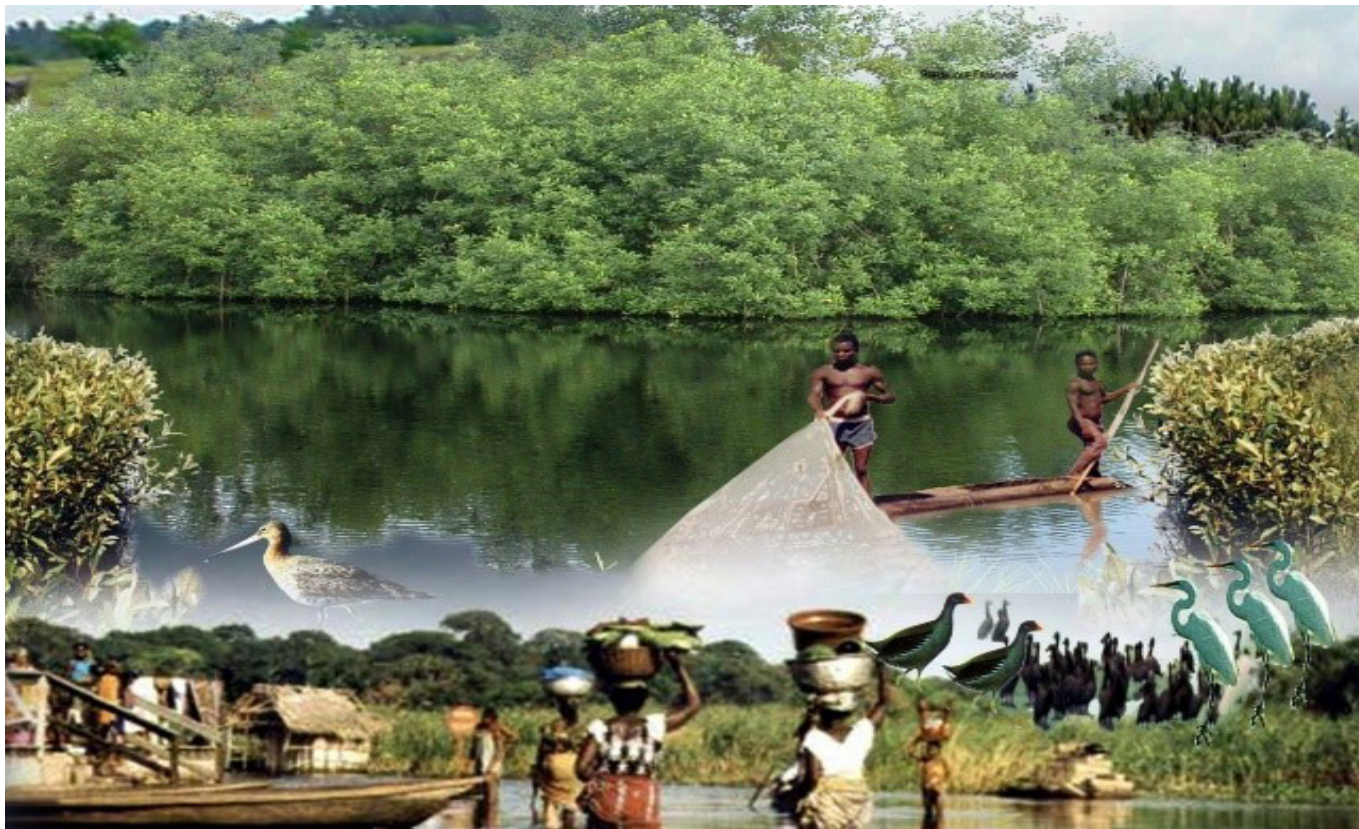
« Off-Grid Clean Energy Facility Project ».

Energy efficiency activities basically include:

- Technical support for adoption and enforcement of energy efficiency standards and labeling of lamps, air conditioners and refrigerator;
- Energy demand management in public administration and industrial companies with the implementation of energy-saving pilot projects;
- Information, education and communication on energy efficiency;
- Support to the funding of energy efficiency measures proposed by developers.



# Environmental and Social Performance



The Environmental and Social Performance Directorate is in charge of developing and implementing the environmental and social, health and safety management system (ESHSMS) which includes all provisions to identify and efficiently manage environmental, social, security and safety risks along Compact implementation.

Broadly, the ESP Directorate:

- develops and implements the ESHSMS through the implementation of compact activities;
- oversees the environmental and social impacts assessments (ESIAs) and the environmental and social management plans (ESMP) ;
- ensures integration of the ESHSMS policy in the procurements documents;
- supports implementation of mitigation measures through design and during construction ;
- assists in data collection and reporting of environmental performance indicators;
- informs MCA-Benin II and MCC staff on the risks associated with ESHS as well as any incident/accident.

Specifically, the ESP Directorate will:

## **AT THE ENVIRONMENTAL LEVEL**

- prevent or reduce projects-related negative impacts on the environment, and the social, health and safety aspects;
- enhance the efficient and sustainable use of resource and prevent pollution;
- reduce greenhouse gas emission associated with the project by promoting clean and environmental technology;
- maintain advantages resulting from ecosystem services and biodiversity conservation;
- promote sustainable management of the living natural resource.

## **AT THE SOCIAL LEVEL**

- promote fair treatment, non discrimination and equal opportunities for workers;
- ensure protection of workers including vulnerable groups (children, migrants);



- anticipate, prevent or reduce negative socio-economic impacts resulting from the acquisition (or restriction to the use) of land and prevent compulsory expropriation;
- ensure preservation and protection of cultural heritage against negative effects likely to arise from project performance;
- prevent negative impacts on indigenous population.

### ***AT HEALTH AND SAFETY LEVEL***

- enhance safe and sound working conditions for workers (health and safety, fire protection);
- prevent or reduce community health, safety and security impacts during project lifecycle.



## Social Inclusion and Gender Integration



Inclusion of the vulnerable layers of society is a requirement to reduce social inequalities and promote gender. Compliance with such a requirement would facilitate economic growth and poverty reduction for a sustainable development across the society.

The Directorate in charge of Social Inclusion and Gender Integration (SIGI) ensures compliance with this requirement. It carries out crosscutting activities through the Program.

### **SIGI WITHIN MCA-BENIN PROJECTS**

#### **IN THE « POLICY REFORM AND INSTITUTIONAL STRENGTHENING PROJECT »**

Social inclusion and gender integration under the Policy Reform and Institutional Strengthening Project are directed at institutionalizing targeted and pro-poor tariffs, as well as ensuring equal opportunities for women and men within SBEE and an improved workplace environment.

#### **IN THE « GENERATION AND DISTRIBUTION PROJECTS »**

Social inclusion and gender integration within the Distribution Project includes targeting new electricity connections for the urban poor. The implementation modalities for delivering those connections will consider international best practice and may undertake a variety of approaches tailored to Benin.

Key challenges to be addressed for an effective social inclusion and gender integration within the Generation project include fair access to job opportunities during generation infrastructure construction, awareness raising and training of construction teams to prevent and fight sexual harassment, intimidation and/or abuses, particularly as regards women, child labor, trafficking in persons, rape, HIV/AIDS, good behavior at the construction sites.

#### **IN THE OFF-GRID ELECTRICITY ACCESS PROJECT**

The Off-Grid Electricity Access Project, through the OCEF Activity will solicit innovative solutions to address the energy deficits of poor and rural communities. To ensure that the OCEF Activity meets the energy needs of women and vulnerable layers, criteria for project selection will include technology solutions that will reduce time and



labor burdens for women, such as electrified water pumps, improved cookstoves and mechanized grinders, etc.

To support the development of a robust supply chain of affordable, clean and efficient energy solutions where traditional distribution channels do not exist, the Off-Grid Electricity Access Project will seek to adapt successful women's energy entrepreneurship models to the Beninese context.

Entrepreneurship training will increase women's capacity to plan strategically, analyze local markets and manage microenterprise. Women will be connected to existing microfinance

institutions to facilitate the purchase of inventory for resale. Such inventory might include solar lamps, clean cookstoves and other products that women perceive existing demand for in their own communities. The Off-Grid Electricity Access Project therefore is expected to have direct impact on low-income women both by creating income-generating opportunities and by supplying appliances that decrease women's time and labor burdens.

Support to woman energy entrepreneurship and other projects of the Facility will help empower women, improve welfare and life quality of families at national level.





# MCA-Benin II procurement principles

Procurement is based on a set of strict guidelines due to its sensitive nature:

1. Transparent, competitive, open and fair bidding procedures and evaluation, as well as contract awarding and management;
2. Clear and specific description of the goods, works and services to procure under consultant and non-consultant services solicitation process;
3. Contracts are awarded only to qualified and competent service providers or contractors with ability and desire to successfully perform contract in compliance with the terms and conditions, within the specified deadlines and reasonable budget for both parties.
4. The procurement of goods, works, consultant and non-consultant services is not acceptable at a higher price than the commercially reasonable price.

## PROCUREMENT PROTECTIVE PROVISIONS

Procurement is a major challenge for business companies. It is subject to prohibited practises and behavior likely to influence the selection process, or the performance of the contract in order to obtain a financial or any other benefit. This includes fraud, corruption, conflict of interest, trafficking in persons and all other similar practises.

MCC requires all beneficiary of MCC funding, including MCA, bidders, contractors and sub-contractors to comply with ethic standards along the procurement process of goods, works, consultant and non-consultant services.

A conflict of interest arises in a procurement process when an individual who is taking part to the process or likely to influence its outcome has directly or indirectly a personal, economic or financial interest which may compromise his

impartiality or independence in such a process.

Fraud and corruption refer to a direct or indirect action to influence a procurement outcome; an agreement between two or several parties in a procurement process or the performance of a contract. It included, among others, some coercive practises to influence the process, or obstructive behavior to conceal evidence or to make false statement, or collusive practises to set unrealistic, low and non-competitive prices, thus preventing MCA-Benin II from the benefits of an open and free competition.

MCC's policy and provisions on preventing detecting and remediating such practises is available on MCC's website and in the standard bidding documents as well as in the contracts.

Verification of eligibility: the evaluation of bids includes a verification process of the eligibility of the bidders and their sub-contractors as well as their key personnel.

Verification of the qualification of the evaluation panel members: the panel is an independent team established for the evaluation purposes. Is not eligible to be a panel member, any person who:

- has engaged in or worked for one or more competing entities during the past one year;
- has a financial interest with one or more bidders that could be affected by their participation;
- is listed as a key personnel in a bidding process;
- is considering prospective employment with a competing consultant.

## BID CHALLENGE SYSTEM

The bid challenge system is a system where suppliers, contractors and consultants can challenge and seek review of an MCA-Benin II procurement action or decision. This system

comprises two levels of review of any filed protest:

- Level 1: review by MCA-Benin II;
- Level 2: review by an independent appeal entity.

The system stands for a mean of pressure on the internal procurement actors to endeavor to avoid conflicts. It is a key indicator of good governance in the MCA-Benin II procurement process.

## **BENEFITS OF MCC PROCEDURES**




Some benefits of MCC procedures include:

1. Assurance of competitive procedures supported by the principles of transparency and equity;
2. Externalization of fiscal and procurement functions to worldwide selected firms, which is a sign of transparency;
3. Existence of direct protest filing mechanism in case of allegation of fraud and/or corruption in the procurement process;
4. Existence of clear mechanism of appeal in case a consultant files a protest for an unreasonable decision of disqualification;
5. Level of approval of various packages (request for proposals, evaluation report, contracts and amendments, etc.) included in the PPG (MCC's Procurement Guidelines) and not in the Procurement Plans;
6. MCC's a priori, a posteriori review and non-objection at the different stages of the selection process (terms of reference, request for proposals, report and award decision). Such a crossed review helps improve the quality of the documents and enhance transparency;
7. Development of solicitation documents in compliance with international standards;
8. Discussion of the individual evaluation scores to reach consensual panel decision (risk mitigation strategy for consultants service procurement);
9. Verification of references during the evaluation process;
10. Formal answer to all request for clarification and availability to amend the RFP when necessary;
11. Price reasonableness analysis before contract award;
12. Pre-negotiation to the signature of service contract (Quality management and risks mitigation).

95, Street 5.073, Kouglblenou Building, Zongo Nima, B.P.Box : 01-101 Cotonou, Benin Republic

Phone: +229 21 31 82 40 / +229 21 31 81 79 - Fax: +229 21 31 46 92

E-mail : [info@mcabenin2.bj](mailto:info@mcabenin2.bj) - Web site : [www.mcabenin2.bj](http://www.mcabenin2.bj)

 [@mcabenin2](https://www.facebook.com/mcabenin2)  [MCA-Benin II](https://www.linkedin.com/company/MCA-Benin-II)  [MCA-Benin II](https://www.youtube.com/channel/UCMCA-Benin-II)