

**MULTI-DONOR
ARRANGEMENT
FOR
THE SUSTAINABLE ENERGY FUND FOR AFRICA**

**Energy & Environment Climate Change
ONEC.3**

15 SEP. 2014

BANQUE AFRICAINE DE DÉVELOPPEMENT

THIS MULTI-DONOR ARRANGEMENT ("Multi-donor Arrangement" or "Arrangement") entered into by and among the African Development Bank (the "Bank") and the African Development Fund (the "Fund") of the one part, and the Government of Denmark represented by the Ministry of Foreign Affairs, the Government of the United States of America represented by the U.S. Agency for International Development and any other Government or entity that becomes a signatory to this Arrangement, of the other part (individually, each a "Donor" and collectively referred to as the "Donors"), for the purpose of providing the terms which will govern the contribution, as well as the administration and utilization by the Bank, of the contributions to be made available by the Donors for purposes of financing activities under the Sustainable Energy Fund for Africa ("SEFA ") of the Bank and the Fund.

WHEREAS the Bank is an international financial institution established by Agreement by and among its member states to contribute to the sustainable social and economic development of its regional member countries (the "Regional Member Countries");

WHEREAS the Fund was established by Agreement by and between the Bank and certain State participants for the purpose of assisting the Bank in fulfilling its mandate;

WHEREAS the Bank and the Fund (collectively hereinafter referred to as the "Bank", except where the context requires otherwise) towards fulfilling their respective mandates, share a common objective to establish and administer SEFA to provide technical assistance, capacity building and investment capital to support the provision of sustainable energy in Regional Member Countries;

WHEREAS each of the Donors has indicated its willingness to support the Bank in achieving the aforementioned objective;

WHEREAS the Bank is willing and able to accept the administration and management of the contributions from Donors for the purposes of SEFA, and desires that such contributions be administered and managed in accordance with the common terms set forth in this Multi-donor Arrangement;

NOW THEREFORE the Donors and the Bank (collectively referred to as "Parties") agree as follows:

ARTICLE I

PURPOSE OF SEFA - ELIGIBLE ACTIVITIES

The purpose of SEFA is to provide financing through untied grants for technical assistance and investment activities in small/medium sustainable energy projects (encompassing Renewable Energy (RE) and Energy Efficiency (EE)) in Regional Member Countries, in order to stimulate local economic development and job creation. There are three main components of SEFA:

1. Component I (project preparation grants) seeks to support Bank lending to medium-sized RE and EE projects by financing the sponsors' costs of project preparation from pre-feasibility to financial closure.
2. Component II (equity investments) will provide equity finance and technical assistance for project preparation and business operations through investment in a private equity fund.
3. Component III (public sector activities) will support activities, especially those of the public sector, that create an enabling environment for private investments in sustainable energy in Africa. SEFA will finance (a) institutional, policy and regulatory planning, development and reform and (b) public sector capacity building that enable or promote private sector sustainable energy investment and improve the public sector's capacity to procure services and act as an effective counterparty in sustainable energy transactions.

ARTICLE II

CONTRIBUTIONS

1. Any State eligible to become a member of the Bank or any entity acceptable to the Bank may become a Donor upon the delivery of a duly executed Letter of participation substantially in the form attached as Annex I hereto.
2. Each Donor hereby agrees to participate in and contribute to SEFA, and accepts that this Multi-donor Arrangement will govern:
 - (i) its participation in and contribution to SEFA; and
 - (ii) the administration of its contribution(s) by the Bank for purposes of SEFA.
3. Each Donor will contribute funds in the form of grants (the "Contribution(s)") for SEFA, in a specified amount to be made available in one or more tranches corresponding to the work programme of SEFA. The amount of each Contribution and the payment schedule for the Contribution will be agreed with each Donor and set out in a Contribution Payment Schedule signed by the Donor.

4. Each Donor will on the specific dates agreed with the Bank deposit the proceeds of its Contribution in a special account opened by the Bank for the purpose of receiving the Contributions (hereinafter referred to as the "SEFA Account").
5. The Contributions will be administered and utilized by the Bank in accordance with the terms of this Multi-donor Arrangement exclusively to finance activities under SEFA, in conformity with the objectives herein and in accordance with the Bank's rules and regulations.
6. All Contributions to SEFA will be administered as untied grant resources.
7. The Bank will be entitled to draw on the proceeds of the Contributions for financing the fees and other reimbursable costs of the activities to be financed pursuant to Articles II and III hereof in accordance with the Bank's applicable procedures.
8. The proceeds of the Contributions may be freely exchanged by the Bank into other currencies as may facilitate the utilization and administration of the resources contributed.
9. Resources provided under this Arrangement may be commingled with other trust fund resources managed by the Bank, but shall be kept separate and apart from the funds of the Bank.
10. The Bank will have no obligation to repay any Donor, proportionally or otherwise, the amount of resources already committed or disbursed to meet the cost of activities under SEFA in accordance with the terms of this Arrangement.
11. The Bank may invest and reinvest the proceeds of the Contributions, including accrued interest, pending their application for the purposes provided hereunder. The income from such investment or reinvestment will be retained in the SEFA Account for use for the same purposes as provided herein.
12. Disbursements of proceeds of the Contributions will be in accordance with the terms of this Arrangement.

ARTICLE III

USE OF THE PROCEEDS OF THE CONTRIBUTIONS

1. Requests for financing from the proceeds of the Contributions provided herein shall be considered on the basis of documentation including the following information:

- (i) objectives and expected results of the proposed activity;
 - (ii) terms of reference of the study/consultancy service or general description of the activity;
 - (iii) cost estimates; and
 - (iv) implementation schedule.
2. Proposals for financing activities under this Arrangement shall be approved in the following manner: the Bank may approve activities involving grants in amounts equivalent to One Million United States Dollars (US\$1,000,000) or less. For these proposals, a technical review will be undertaken by the technical review committee and final approval authority will be vested in the Vice President of the operational complex within which the SEFA secretariat is housed.
 3. Any request for financing exceeding the equivalent of US\$1,000,000, will be submitted for the approval of an Oversight Committee established by the Bank and constituted by representatives of the Bank and Donors (the "Oversight Committee"). The Oversight Committee shall establish its decision making methods and procedures.
 4. All requests for financing for an amount exceeding the equivalent of US\$1,000,000 (or such higher threshold as may be determined by the Board) will be submitted for approval of the Board of Directors of the Bank.

ARTICLE IV

ADMINISTRATION OF THE CONTRIBUTIONS

1. The Bank will, in accordance with its rules, regulations and policy guidelines, administer the Contributions through its own organization, services, officers and staff. The Bank designates its Resource Mobilisation and External Finance Department as the organizational unit responsible for general communications and reporting concerning the implementation of the Bank's obligations and the financial management and administration of the Contributions. The Resource Mobilisation and External Finance Department, or any other organizational unit assigned by the Bank, will be responsible for the implementation of the Bank's obligations under this Arrangement with regard to the execution of the activities and related technical matters.
2. The Contributions will be administered, in accordance with the terms of this Multi-donor Arrangement, and the common understanding of the Parties as expressed in a document titled *Proposal for the Conversion of the Sustainable Energy for Africa Fund into a Multi-Donor Trust Fund* approved by the Board of Directors of the Bank as may be modified or replaced from time to time by the mutual consent of the Donors and the Bank.

3. The Bank shall be responsible only for performing those functions specifically set forth in this Multi-donor Arrangement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Multi-donor Arrangement shall be considered a waiver of any privileges or immunities of the Bank and the Fund under their respective Agreements of establishment or any applicable law, all of which are expressly reserved.
4. The Oversight Committee will meet at least once a year, to review the progress made during the year and examine and approve the annual work programme and objectives of SEFA for the coming year. The Bank will also consult with the Donors whenever it identifies a major change of scope in relation to activities financed or to be financed under SEFA. The Bank will provide the venue for meetings, and may extend invitations to representatives of recipient Regional Member Countries and organizations to attend the meetings of the Oversight Committee, as observers.
5. In administering the Contributions, the Bank will exercise the same care in the discharge of its functions under this Multi-donor Arrangement as it exercises with respect to the administration and management of its own resources and affairs, and will have no further liability to any of the Donors in respect thereof.
6. When making payments, Donors will instruct their relevant service/financial intermediary to advise the Treasury Department of the Bank by SWIFT as to the amount of each payment into the SEFA Account, the name and other relevant particulars of the Donor making payment, and the date of such payment.
7. All financial accounts and statements prepared in relation to SEFA will be expressed in US Dollars or any other convertible currency selected by the Donors and the Bank.
8. The management of the Contributions will be subject to the usual internal financial control procedures of the Bank.
9. The Bank will maintain separate records and ledger accounts in respect of the Contributions and disbursements thereof.
10. In the discharge of its operational functions, the Bank will:
 - (i) to the extent applicable, use the methods it employs to control disbursement of its own resources; and
 - (ii) ensure that payments from the proceeds of the Contributions are made for the purposes of SEFA.
11. The selection and engagement of consultants and the procurement of goods and services financed by the Contributions shall be carried out in accordance with the Bank's applicable rules and procedures, as amended from time to time.

12. The Bank will deduct five per cent (5%) of each Contribution upon receipt, and shall apply the amount deducted towards meeting the costs and expenses of administering the Contributions. The Bank may in consultation with the Donors, deduct a higher amount to meet costs and expenses of administering SEFA.

ARTICLE V

REPORTING AND CONSULTATION

1. The Bank will, in accordance with its usual procedures, keep and maintain separate records of account of the proceeds of the Contributions and activities financed under this Arrangement.
2. The Bank will furnish all Donors to SEFA with the following documents, reports and financial statements:
 - i) an Implementation Plan and a Performance Monitoring Framework;
 - ii) periodic reports on the use of the Contributions and the implementation of SEFA, which shall be submitted as part of the periodic updates regarding the use of donor resources;
 - iii) quarterly and annual financial statements of Contributions received and disbursed;
 - iv) upon request by a simple majority of the Donors, audited financial statements, the cost of which shall be charged to the SEFA Account;
 - v) an electronic copy of the final version of the project completion report for each activity financed under SEFA; and
 - vi) a final report, to be submitted within one (1) year of the expiration of this Multi-donor Arrangement, including audited financial statements, summarizing activities funded under SEFA, results achieved, lessons learned and overall Bank comments as to the results of SEFA.
3. Prior to the end of each work programme period for which Contributions have been provided, the Parties to this Multi-donor Arrangement will review the results achieved by SEFA and consult with each other, with a view to deciding whether additional Contributions should be provided.
4. Upon the request of a simple majority of the Donors, the Bank will cause the account and records of any completed project, programme or activity financed under this Arrangement to be audited. The costs of an external audit will be paid from the SEFA Account.
5. Upon the request of a simple majority of the Donors, the Bank will conduct an external evaluation of the activities financed under this Arrangement. The Bank shall fully cooperate with the Donors in evaluating SEFA at such times

as may be agreed upon among the Parties. The evaluation shall focus on the results achieved, and efficiency, effectiveness of implementation and quality of financial and project administration of SEFA by the Bank. The expenses and costs of such evaluation shall be paid from the resources in the SEFA Account.

ARTICLE VI

ACKNOWLEDGEMENTS

1. The Bank may, where and to the extent it considers appropriate, acknowledge the Contributions in any reference made by it with respect to SEFA in publications, speeches, press releases and other similar media.
2. Upon completion of the assignment, the following information may be made public and disseminated electronically to the Donors: consultant name, company address, telephone and fax numbers, e-mail address, project title and description; country, sector and description of assignment.

ARTICLE VII

TERMINATION OF THE ARRANGEMENT

1. If, at any time, the Bank determines that the purposes of the Multi-donor Arrangement can no longer be effectively or appropriately carried out, it may terminate the Arrangement by giving the Donors not less than six (6) months' prior written notice to this effect.
2. Upon termination of the Multi-donor Arrangement, and unless the Parties otherwise agree, any agreement entered into between the Bank, any consultant, and/or any third party prior to the effective date of the termination of this Arrangement will not be affected by the termination and the Bank will be entitled to continue to receive and disburse the proceeds of the Contributions in respect of such agreements to the extent necessary in order to fulfill the Bank's obligations under such agreements as if the Multi-donor Arrangement had not been terminated. Except as otherwise agreed by each Donor, upon termination of the Multi-donor Arrangement, and following disbursements for the cost of activities financed under SEFA, as well as any other related costs of administering the Contributions, the Bank will return to each Donor a pro rata portion of the funds in the SEFA Account.
3. A Donor may decide not to continue its participation in SEFA by giving written notice of not less than six (6) months to the Bank and, upon the expiration of the notice period, ceasing to make future Contributions to the Bank for purposes of SEFA. The decision not to make future Contributions will,

however, not release such Donor from full payment to the Bank of any Contributions previously committed to the Bank.

ARTICLE VIII

EFFECTIVE DATE OF THE ARRANGEMENT

This Arrangement will become effective and operational upon its signature by the Bank and any two (2) Donors.

Upon its entry into effect, this Arrangement shall replace and supersede the Technical Cooperation Agreement between the Government of Denmark and the African Development Bank and the African Development Fund (TCA) establishing SEFA dated 17 September 2011. All funds provided to SEFA under the TCA will be subject, with any necessary modifications, to the terms of this Arrangement.

ARTICLE IX

AMENDMENT

This Multi-donor Arrangement may be modified by the written consent of the Bank and a simple majority of the Donors, each of which will give full and sympathetic consideration to any proposal to amend the Arrangement. Amendments, however, will not be inconsistent with the scope and objectives of SEFA as approved by the Board of Directors of the Bank.

ARTICLE X

NOTICE

Any notice to be given to the Bank in respect of this Multi-donor Arrangement will be effectively given if delivered or sent by letter addressed to the Bank at the address given below or other new address provided in writing by the Bank to the Donors:

Any notice to the Bank will be addressed to:

Director
Resource Mobilisation and External Finance Department
African Development Bank
Temporary Relocation Agency
15, Avenue du Ghana
B.P. 323 TUNIS
1002 TUNIS BELVEDERE
Tunisia
Tel. +216 71 10 20 76

Any notice to a Donor will be effectively given if delivered or sent by letter to the address provided at the time of signature of this Arrangement, or any new address provided in writing by such Donor.

ARTICLE XI

DISPUTE RESOLUTION

Any dispute arising out of or in connection with this Arrangement, including disputes concerning the interpretation or application of any provision herein contained will be settled amicably by the Parties.

ARTICLE XII

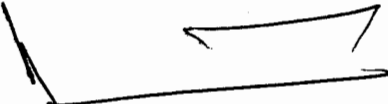
GENERAL PROVISIONS

1. This Multi-donor Arrangement will not be assigned by the Bank without the prior consent of the Donors.
2. This Multi-donor Arrangement is not an international treaty. It is an administrative arrangement by and among the Donors and the Bank.
3. The operations of SEFA shall be subject to the Sanctions and Information Disclosure Policies of the Bank and the Fund.
4. Recognizing the obligations of member countries under various United Nations Security Council Resolutions and the Donors' intention that contributions not be used to finance terrorists, the Bank undertakes to use reasonable efforts to ensure that none of the funds provided under this Arrangement are used to provide support to individuals or entities associated with terrorism.
5. In the event that the approval of the Donors is sought by the Bank on any matter, such matter will be deemed approved by a Donor if it shall not have communicated its concurrence or objection to such matter within fifteen (15) working days from the date of receipt of the request.
6. A Party may terminate its participation in this Multi-donor Arrangement or have the right to demand cancellation of, or as the case may be, cancel, subject to its terms, any contract financed under this Arrangement, with immediate effect if it determines, with respect to any contract to be financed under this Arrangement, that corrupt or fraudulent practices were engaged in by the representative(s) of a party or of a beneficiary of the proceeds of the Contributions during procurement or during the execution of the contract without such Party having taken timely and appropriate action to remedy the situation.

7. This Multi-donor Arrangement shall be effective for a period of five (5) years from its effective date, unless extended by mutual agreement of at least two (2) Donors.

IN WITNESS WHEREOF, the Undersigned, being duly authorized, has signed the present Agreement in three original counterparts.

**FOR THE AFRICAN DEVELOPMENT BANK
AND
THE AFRICAN DEVELOPMENT FUND**



**GILBERT MBESHERUBUSA
Vice President, Operations III
Infrastructure, Private Sector & Regional Integration**

14 MARS 2014

Date

FOR THE GOVERNMENT OF DENMARK

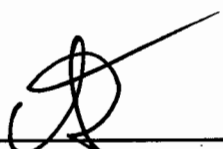


**BIRGITTE MARKUSSEN
Head of Africa Department
Ministry of Foreign Affairs/ DANIDA**

20/06/2014

Date

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA



**EARL GAST
Assistant Administrator for Africa
U.S. Agency for International Development**

5/16/14

Date

ANNEX 1
((DONOR'S HEADED PAPER))

Date

Vice-President, [...]
African Development Bank
Temporary Relocation Agency
13 Avenue du Ghana
BP 323 – 1002 Tunis Belvedere
Tunisia

Dear :

LETTER OF PARTICIPATION IN THE [.....] FUND

Reference is made to the multi-donor arrangement for the [.....] Fund established by the African Development Bank (the "Bank") and the African Development Fund (the "Fund") on [.....] (the "Arrangement"), a copy of which is attached hereto.

In accordance with the provisions of Article II, Paragraphs 1 and 2 of the Arrangement, [*Name of Government or entity*] (the "Donor") hereby accedes to the Arrangement and agrees to become a donor to the [.....] Fund. Effective from the date of this Letter, the Donor accepts to be bound by the provisions of the Arrangement as if it were an original signatory thereto.

Attached hereto is a Contribution Payment Schedule specifying the amounts of contribution that the Donor hereby agrees to make pursuant to the Arrangement, and the expected dates of payment of such amounts.

It is hereby confirmed that the execution of this Letter of Participation by the undersigned on behalf of the Donor is lawful and has been duly authorized, and that no further authorizations, consents, approvals, exemptions or other actions are required to give effect to [.....]'s participation in the [.....] Fund.

Yours sincerely,

For The Donor:

Name: _____

Designation: _____

Signature: _____

Acknowledged and accepted for and on behalf of the Bank and the Fund

Gilbert Mbeshherubusa
Vice President

Name: Infrastructure, Private Sector & Regional
Integration

Designation: Vice-President

Signature:  _____

**[Contribution Payment schedule-
[Donor's Letterhead]**

SUSTAINABLE ENERGY FUND FOR AFRICA

[Name of Donor] hereby agrees to pay its Contribution to the above named [Multi-Donor Trust Fund]
as follows:

<u>Date of Payment</u>	<u>Currency of Payment</u>	<u>Amount of Payment</u>
<u>Total</u>		