
ESMAP TF GRANT NUMBER TF0C3188

***Energy Sector Management Assistance
Program Multi-Donor Trust Fund***
Grant Agreement

**(Accelerating Sustainable and Clean Energy Access Transformation – Regional
Energy Access Financing Platform Project)**

between

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Energy Sector Management Assistance Program
Umbrella 2.0 Multi-Donor Trust Fund)**

and

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK

**Energy Sector Management Assistance Program Multi-Donor Trust Fund
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of Energy Sector Management Assistance Program Umbrella 2.0 Multi-Donor Trust Fund (ESMAP TF), and EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (“Recipient” or “TDB”).

WHEREAS:

- A. the Participating Countries, and the Regional Bodies, including the Recipient, have agreed to participate in the MPA Program, and intend to coordinate among each other for the carrying out of activities under projects and programs to be implemented by the Participating Countries and the Regional Bodies to accelerate access to sustainable, reliable and clean energy in Eastern and Southern Africa;
- B. the Recipient desires to support access to financing of sustainable and clean energy to all Project Eligible Countries;
- C. to facilitate the implementation of the MPA Program:
 - 1. by a financing agreement to be entered into on or about the date hereof between the Republic of Rwanda (“Rwanda”) and the Bank (“Rwanda Financing Agreement”), the Bank will extend to Rwanda financing to assist Rwanda in financing activities related to the MPA Program on the terms and conditions set forth in the Rwanda Financing Agreement;
 - 2. by a financing agreement to be entered into on or about the date hereof between the Federal Republic of Somalia (“Somalia”) and the Bank (“Somalia Financing Agreement”), the Bank will extend to Somalia financing to assist Somalia in financing activities related to the MPA Program on the terms and conditions set forth in the Somalia Financing Agreement;
 - 3. by a financing agreement to be entered into on or about the date hereof between the Republic of Sao Tome and Principe (“STP”) and the Bank (“STP Financing Agreement”), the Bank will extend to STP financing to assist STP in financing activities related to the MPA Program, on the terms and conditions set forth in the STP Financing Agreement;
 - 4. by a financing agreement to be entered into on or about the date hereof between the United Republic of Tanzania (“Tanzania”) and the Bank (“Tanzania Financing Agreement”), the Bank will extend to Tanzania financing to assist Tanzania in financing activities related to the MPA Program on the terms and conditions set forth in the Tanzania Financing Agreement;

5. by a financing agreement to be entered into on or about the date hereof between the Bank and the Common Market for Eastern Africa (“COMESA”) (“COMESA Financing Agreement”), the Bank will extend to COMESA financing to assist COMESA in financing activities related to the MPA Program, on the terms and conditions set forth in the COMESA Financing Agreement; and
- C. the Recipient, having satisfied itself as to the feasibility and priority of its activities, has requested the Bank to assist in financing activities related to the MPA Program.

NOW, THEREFORE, the Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”) and the MPA Program. To this end, the Recipient shall carry out Parts 1 and 3 of the Project, and cause Trade and Development Fund (“TDF”) to carry out Part 2 of the Project and selected activities under Parts 1 and 3 of the Project, all in accordance with the provisions of Article II of the Standard Conditions, Schedule 2 to this Agreement and the Subsidiary Agreement.

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed nineteen million United States Dollars (US\$19,000,000) (“Grant”) to assist in financing Parts 2 and 3 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
 - (a) the Recipient’s Charter has, in the opinion of the Bank, been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement; and
 - (b) the TDF Articles have, in the opinion of the Bank, been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of TDF to perform any of its obligations under this Agreement, and the Subsidiary Agreement.

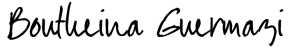
**Article V
Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank confirming that the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the

AGREED as of the Signature Date.

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Energy Sector Management
Assistance Program Umbrella 2.0 Multi-Donor TF)**

By



Authorized Representative

Name: Boutheina Guermazi

Title: Director, Regional Integration

Date: 13-Dec-2023

**EASTERN AND SOUTHERN AFRICAN TRADE AND
DEVELOPMENT BANK**

By



Authorized Representative

Name: Admassu Tadesse

Title: Group Managing Director

Date: 15-Dec-2023

Concurrently

By



Authorized Representative

Name: Tom Mzumara

Title: Group Corporate Secretary

Date: 14-Dec-2023

SCHEDULE 1

Project Description

The objective of the Project is to increase access to sustainable and clean energy in Eastern and Southern Africa.

The Project constitutes a phase of the MPA Program, and consists of the following parts:

Part 1. Lending to Distributed Renewable Energy (DRE) and Clean Cooking Companies.

1. Expanding electricity and clean cooking access through the provision of a credit line to the Recipient for direct lending to eligible private/commercial enterprises (“Borrowers”) (“Sub-Credits”) legally operating in Project Eligible Countries, to finance eligible energy services under distributed renewable energy (“DRE”) and clean cooking technologies (“Sub-Projects”).
2. Provision of a credit line by the Recipient for retail lending to eligible financial institutions (“Participating Financial Intermediaries” or “PFIs”) (“PFI Sub-Financing”) in Project Eligible Countries for on-lending to eligible Borrowers to finance Sub-Projects.

Part 2. Results-Based Financing for the Frontier Markets

1. Accelerating DRE and clean cooking expansion at the regional level, through results-based financing facility, and the provision of result-based financing and catalytic grants (“RBF and Catalytic Grants”) to eligible private sector and commercial enterprises (“Beneficiaries”) engaged in DRE and clean cooking to finance Sub-Projects in unserved and underserved geographic areas in Project Eligible Countries.
2. Strengthening of TDF’s capacity for management of the RBF and Catalytic Grants, through the provision of technical assistance for DRE business models, development of pipeline projects and due diligence and monitoring, and development of innovative financing instruments, and associated advisory services.

Part 3. Technical Assistance, Tools and Innovations for DRE and Clean Cooking

1. Building the capacity of institutions and agencies involved in the Project, including the Recipient, TDF, PFIs, participating private sector and commercial enterprises to encourage innovations for DRE and clean cooking including, provision of technical assistance:

- (a) to the Recipient and TDF to carry out due diligence on Sub-Projects, including technical, fiduciary (*i.e.*, financial and procurement) aspects, environmental and social aspects, and building a pipeline of viable Sub-Projects, and strengthen the capacity to supervise PFIs;
- (b) to participating DRE and clean cooking private sector companies and commercial enterprises, to ensure compliance with the Recipient's due diligence requirements;
- (c) to PFIs to strengthen their capacity to select, finance and manage Sub-Projects, in compliance with applicable requirements; and
- (d) to develop and pilot innovative financing instruments.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Regional Level Coordination Arrangements

The Recipient shall maintain throughout the Project implementation collaboration arrangements established under the Regional Infrastructure Finance Facility Project (Credit Number 6711-3A, and 6712-3A), as shall be clarified in the respective POMs by the Recipient and COMESA. For the avoidance of doubt this provision is not intended to substitute the parties' respective obligations under either this Agreement, or the COMESA Financing Agreement.

2. Project Implementation Team

The Recipient shall at all times during the implementation of Project, maintain the Project Implementations Team with the responsibility for day-to-day management and implementation of the Project, and with resources and adequate staff, including at a minimum, a program manager, a DRE specialist, two environmental and social specialists, a gender and inclusion specialist, a financial management specialist, a procurement specialist, and a monitoring and evaluation specialist, all with qualifications, experience, and terms of reference, satisfactory to the Bank.

B. Subsidiary Agreement

1. To facilitate the carrying out of Part 2 of the Project, the Recipient shall make part of the proceeds of Credit B only, allocated from time to time to Category 1 of the table set forth in Section III.A.1 of Schedule 2 to the Financing Agreement, and the proceeds of the Grant set forth in Section III.A.1 of this Schedule, available to TDF under a subsidiary agreement between the Recipient and the TDF, under terms and conditions approved by the Bank ("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 Bank and to accomplish the purposes of the Financing. Except as the Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive the Subsidiary Agreement or any of its provisions.

C. Implementation Covenants

1. Project Operations Manual

- (a) The Recipient shall carry out the Project in accordance with a manual, satisfactory to the Bank (“Project Operations Manual” or “POM”). Said Project Operations Manual containing detailed guidelines and procedures for the implementation of the Project, including: (i) arrangements for the development of a pipeline of Sub-Projects, as well as screening, due diligence and approval processes for each activity under the Project; (ii) eligibility criteria, terms and conditions, appraisal and approval processes for RBF and Catalytic Grants; (iii) eligibility criteria, terms and conditions, appraisal and approval processes for Sub-Credits, (iv) eligibility criteria, terms and conditions appraisal and approval processes for PFI Sub-Financing; (v) Project administration and coordination; (vi) monitoring and evaluation, financial management, procurement and accounting procedures; (vii) environmental and social risk management, including the form of the consolidated annual environmental and social performance report referred to in Section I.F.4 of this Schedule; (viii) Personal Data collection and processing requirements in accordance with good international practice; (ix) corruption and fraud mitigation measures and protocols and arrangements for the carrying out of integrity checks for RBF and Catalytic Grants, Sub-Credits, and PFI Sub-Financing, including through know your customer due diligence or other processes acceptable to the Bank; (x) a detailed description of the grievance redress mechanism process as well as any process for recording and reporting project-related accidents and incident; (xi) and such other arrangements and procedures as shall be required for the implementation of the Project, all in form and substance satisfactory to the Bank.
- (b) The Recipient shall ensure that the Project is carried out in accordance with the POM.
- (c) The Recipient shall ensure that the POM is not amended, suspended, repealed, or abrogated without the prior written approval of the Bank, such approval not to be unreasonably withheld or delayed.
- (d) In the event of any conflict between the provisions of the POM, and, this Agreement, the provisions of this Agreement shall prevail.

2. **Annual Work Plans and Budget**

The Recipient shall:

- (a) prepare a draft Annual Work Plan and Budget for each year of Project implementation, setting forth: (i) a detailed description of the planned activities, including any proposed conferences and Training, under the Project for the following year; and (ii) responsibility for the execution of said Project activities, and budgets, start and completion dates, outputs and monitoring indicators to track progress of each such activity (“Annual Work Plan and Budget”);
- (b) not later than November 30 of each year, furnish the draft Annual Work Plan and Budget for the following year to the Bank for its review, and promptly thereafter finalize the Annual Work Plan and Budget, taking into account the Bank’s comments thereon; and
- (c) thereafter adopt and carry out such Annual Work Plan and Budget for the relevant year as shall have been agreed with the Bank, as such plan may be subsequently revised during such year with the prior written agreement of the Bank.

D. RBF and Catalytic Grants under Part 2 of the Project

- 1. The Recipient shall make RBF and/or Catalytic Grants available to Beneficiaries to finance eligible Sub-Projects, in accordance with eligibility criteria and procedures set forth in the POM, and in form and substance satisfactory to the Bank.
- 2. The Recipient shall make each RBF and/or Catalytic Grant available under a Sub-Financing Agreement with the respective Beneficiaries on terms and conditions acceptable to the Bank, and which shall include the obtaining by the Recipient of rights adequate to protect its interests and those of the Bank, including the right to:
 - (a) suspend or terminate the right of the Beneficiary to use the proceeds of the RBF and/or Catalytic Grant, or declare to be immediately due and payable all or any part of the amount of the RBF and/or Catalytic Grant then withdrawn, upon such Beneficiary’s failure to perform any of its obligations under the Sub-Financing Agreement; and
 - (b) require, in respect of each Sub-Project under a Sub-Financing Agreement, for each Beneficiary to: (i) carry out the Sub-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of

the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (ii) with respect to such Sub-Project, comply with the Applicable Environmental and Social Requirements, in accordance with the provisions of Section I.F below, and promptly notify the Recipient of any incident, accident or circumstance (including, without limitation, social, labor, health and safety, security or environmental incidents, accidents or circumstances) which has, or is likely to have, a material impact on compliance with the Applicable Environmental and Social Requirements; (iii) provide, promptly as needed, the resources required for the Sub-Project; (iv) enable the Recipient and the Bank to inspect the Sub-Project, its operation and any relevant records and documents; (v) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing; and (vi) exchange views with, and furnish all such information to the Recipient as may be reasonably requested by the Recipient or the Bank, with regard to the Sub-Project or the Beneficiary or the performance of its obligations under the Sub-Financing Agreement.

3. The Recipient shall exercise its rights under each Sub-Financing Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the credits.

E. Sub-Credits, and PFI Sub-Financing under Part 1 of the Project

1. The Recipient shall ensure that PFI Sub-Financing and private sector and commercial enterprises Sub-Credits under Part 1 of the Project are only made available to PFIs that satisfy the financial intermediary financing assessment and the established qualifying criteria, and private sector and commercial enterprises that satisfy the qualifying criteria, satisfactory to the Bank, and those stated in the POM.
2. The Recipient shall make each PFI Sub-Financing under a PFI Funding Agreement with the pertinent PFI, and each private sector and commercial enterprise Sub-Credit under a Sub-Credit Agreement with a private sector or commercial enterprise, under Part 1 of the Project, on terms and conditions, acceptable to the Bank, and which shall include the obtaining by the Recipient of rights adequate to protect its interests and those of the Bank, including the right to:
 - (a) suspend or terminate the right of (i) the PFI to use the proceeds of the PFI Sub-Financing, or declare to be immediately due and payable all or any part of the amount of the PFI Sub-Financing then withdrawn, upon the PFI's failure to perform any of its obligations under the PFI Funding Agreement, or (ii) the private sector and commercial enterprise to use the proceeds of the Sub-Credit, or declare to be immediately due and payable all or any part of the amount of the Sub-Credit then withdrawn, upon the private sector or commercial enterprise's failure to perform any of its obligations under the Sub-Credit Agreement;

- (b) require, in respect of each PFI Sub-Financing under a PFI Funding Agreement, for each PFI to: (i) appraise, approve, monitor and evaluate respective Borrowers' proposals, and administer sub-loans to the respective Borrowers, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices, satisfactory to the Bank, the terms and conditions of the PFI Funding Agreement, the guidelines and procedures set forth in the Project Operations Manual, and the Anti-Corruption Guidelines applicable to recipients of sub-loan proceeds other than the Recipient; (ii) with respect to such PFI Sub-Financing, comply with the Applicable Environmental and Social Requirements, in accordance with the provisions of Section I.F below, and promptly notify the Recipient of any incident, accident or circumstance (including, without limitation, social, labor, health and safety, security or environmental incidents, accidents or circumstances) which has, or is likely to have, a material impact on compliance with the Applicable Environmental and Social Requirements; and (iii) safeguard the Borrowers' Personal Data, including collection and processing of such Personal Data;
 - (c) require each private sector or commercial enterprise to comply with the Applicable Environmental and Social Requirements, in accordance with the provisions of Section I.F below, and promptly notify the Recipient of any incident, accident or circumstance (including, without limitation, social, labor, health and safety, security or environmental incidents, accidents or circumstances) which has, or is likely to have, a material impact on compliance with the Applicable Environmental and Social Requirements;
 - (d) require the PFI to restrict initial sub-loans to smaller DRE projects with relatively minor environmental and social impacts, taking into account that such limit may be considered upon the Recipient's assessment of such PFI's ability to manage and monitor the environmental and social aspects of Sub-Projects;
 - (e) require the PFI to make sub-loans to Borrowers on financing terms and conditions, satisfactory to the Recipient; and
 - (f) require the PFI to exercise its rights under each PFI Funding Agreement in such manner as to protect the interests of the Bank, the Recipient, and the PFI and to accomplish the purposes of the Credits.
3. Except, as the Recipient, and the Bank shall otherwise agree, (i) the pertinent PFI, shall not assign, or abrogate, or waive any PFI Funding Agreements or any of its provisions, and (ii) the pertinent private sector and commercial enterprise shall not assign, or abrogate, or waive any Sub-Credit Agreements or any of its provisions.

4. The Recipient shall exercise its rights under each Sub-Credit Agreement, or PFI Funding Agreement (as applicable) in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Credits.

F. Environmental and Social Risk Management for the Project

1. The Recipient shall ensure, and shall cause TDF to ensure, that the Project is implemented in accordance with the Performance Standards, the ESMS, and ESAP, in a manner acceptable to the Bank. To this end, the Recipient shall ensure, and shall cause TDF to ensure, that:
 - (a) the implementation of the ESMS is continued and effective, and shall ensure that the Project is implemented in accordance with such ESMS, and in a manner consistent with the Performance Standards and acceptable to the Bank;
 - (b) implement the measures and actions specified in the ESAP with due diligence and efficiency and in a manner acceptable to the Bank, as provided in the ESAP;
 - (c) sufficient funds are available to cover the costs of implementing the ESAP;
 - (d) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESAP, as provided in the ESAP; and
 - (e) the ESAP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Bank shall otherwise agree in writing, and shall ensure that the revised ESAP is disclosed promptly thereafter.
2. In case of any inconsistencies between the ESAP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Without limiting the foregoing, for the purposes of managing the environmental and social risks and impacts associated with the implementation of the Project, the Recipient shall ensure, and shall cause TDF to ensure that:
 - (a) no activities under the Project shall support or involve Excluded Activities;
 - (b) all Sub-Projects, and PFI Sub-Financing satisfy the Applicable Environmental and Social Requirements;
 - (c) all PFIs, Beneficiaries and Borrowers fulfill their respective obligations with regard to the carrying out of environmental and social due diligence and risk management, and the monitoring of activities financed under the

Project, as applicable, in accordance with the Applicable Environmental and Social Requirements;

- (d) prior written approval is obtained from the Bank for any RBF and/or Catalytic Grant or Sub-Credit for any Sub-Project that is expected to result in Involuntary Resettlement impacts, which exceed the thresholds set forth in the ESAP for approval by the Recipient;
- (e) prior written approval is obtained from the Bank for any RBF and/or Catalytic Grant or Sub-Credit for any Sub-Project involving or impacting communities of Indigenous Peoples, in accordance with the requirements set forth in the ESAP; and
- (f) the Recipient or TDF shall not approve or finance any RBF and/or Catalytic Grant, or any Sub-Credit to a private sector or commercial enterprise for any Sub-Project that will involve the use or potential pollution of international waterways, or that is located on any disputed territory.

4. The Recipient shall, and as applicable, shall cause each RBF and/or Catalytic Grant Beneficiary, or any direct recipient of a private sector or commercial enterprise Sub-Credit, and any PFI to, ensure that:

- (a) in respect of each Sub-Project or PFI Sub-Financing, all measures necessary are taken to collect, compile, and furnish to the Bank:
 - (i) through regular reports, as part of the Project Reports or with such other frequency as may be specified in the ESAP, and promptly in a separate report or reports, if so requested by the Bank, information on: (A) in the case of the Recipient, the status of implementation of the ESMS and the status of compliance with the ESAP; and (B) in the case of each Beneficiary, private sector and commercial enterprise, and PFI, information on the status of compliance with the Applicable Environmental and Social Requirements;

all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (1) conditions, if any, which interfere or threaten to interfere with the implementation of the ESMS, the ESAP, or the Applicable Environmental and Social Requirements, as applicable; and (2) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) a consolidated annual environmental and social performance report setting out the status of implementation of the ESMS by the Recipient, substantially in the form attached to the POM, and

acceptable to the Bank, within ninety (90) days after the end of each calendar year.

- (b) the Bank is promptly notified of any incident, accident or circumstance (including, without limitation, social, labor, health and safety, security or environmental incidents, accidents or circumstances) which has, or is likely to have, a material impact on compliance with the ESMS, the ESAP, and/or the Applicable Environmental and Social Requirements, or a significant adverse effect on the environment, the affected communities, the public or workers in accordance with the ESMS, the ESAP, or the Applicable Environmental and Social Requirements.
5. The Recipient shall, and shall cause TDF, and each Borrower and PFI to, establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, all in a manner acceptable to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

1. In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:
- (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
 - (b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time-to-time reasonably request; and (iii) able to disclose such records and information to the donor.

B. Project Reports

1. The Recipient shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of

this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

2. Independent Verification

The Recipient shall cause TDF not later than one hundred eighty (180) days after the signature of the Subsidiary Agreement, to procure services of verification agent(s) with qualifications, experience and terms of reference, satisfactory to the Bank, for the purpose of RBF and Catalytic Grants, to provide additional verification of Beneficiaries and fiduciary arrangements of respective Grants, in accordance with the verification protocols established in the POM.

Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Sub-Credits under Part 1.1 of the Project, and PFI Sub-Financing under Part 1.2 of the Project	0	100% of the amount disbursed based on the interim financial reports and approved Annual Work Plans and Budgets
(2) RBF and Catalytic Grants under Part 2 of the Project	12,000,000	100% of the amount disbursed based on the interim financial reports and approved Annual Work Plans and Budgets
(3) Goods, works, non-consulting services, consulting services and Operating Costs for Part 3 of the Project	7,000,000	100%
TOTAL AMOUNT	19,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Category (2) unless and until:
 - (i) the Recipient has, in form and substance satisfactory to the Bank, prepared and adopted an Inclusion Strategy that will enable vulnerable and marginalized groups and individuals to benefit from the Project;
 - (ii) a technical and fiduciary (*i.e.*, procurement and financial management) assessment of TDF has been carried out, in a manner acceptable to the Bank; and

(iii) the Subsidiary Agreement has been executed on behalf of the Recipient and TDF.

2. The Closing Date is June 30, 2027.

SCHEDULE 3

Excluded Activities

Section I. Environmental and Social

A. List of Excluded Activities

1. Any activity having significant adverse impacts on critical cultural heritage.²
2. Any activity having adverse impact on critical habitats³ and/or legally protected⁴ and internationally recognized areas⁵ of high biodiversity value.
3. Any activity having direct adverse impact on ecosystem services that might result in adverse health and safety risks to and impact on affected communities.⁶
4. Any activity where a biodiversity offset⁷ is proposed as the mitigation measure.
5. Any Sub-Project located in an area or territory that is disputed.
6. Any Sub-Project which includes the use or potential pollution of international waterways shall be excluded from the Sub-Projects.

B. Footnotes on Excluded Activities

1. Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use, or have used, within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.
2. Critical habitats are areas with high biodiversity value, including: (i) habitat of significant importance to critically endangered and/or endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.
3. Legally protected areas are those that meet the IUCN definition: “A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values.” This includes areas proposed by governments for such designation.
4. Exclusively defined as UNESCO Natural World Heritage Sites, UNESCO Man and the Biosphere Reserves, Key Biodiversity Areas, and wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention).

5. For the purposes of this list, ecosystem services are limited to provisioning and regulating services: (i) provisioning services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes, where the activity's direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to affected communities.
6. Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken.

Section II. Other Excluded Activities

1. Any Sub-Project involving systems larger than 20MW or requiring high-voltage transmission lines.
2. Any Sub-Project involving construction or maintenance of a dam, or high-voltage transmission infrastructure, or other high-risk investments.
3. Any Sub-Project that has significant adverse impacts on critical cultural heritage, adverse impact on critical habitats and/or legally protected and internationally recognized areas of high biodiversity value and requiring biodiversity offsets as the mitigation measures, including any high-risk investment. To this end, the Recipient shall develop specific criteria for such exclusion.

APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means an annual work plan and budget referred to in Section I.C.2 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard 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.
3. “Applicable Environmental and Social Laws” means collectively, any applicable law relating to the environment, human health or safety, or laws and regulations relating to social issues, including those relating to land acquisition and labor.
4. “Applicable Environmental and Social Requirements” means, collectively, the Performance Standards, Applicable Environmental and Social Laws, Section I (Environmental Activities) of the Excluded Activities, and the E&S Instruments.
5. “Beneficiaries” means private sector or commercial enterprises legally operating in a Project Eligible Country, and which are a recipient of an RBF or Catalytic Grant under Part 2 of the Project.
6. “Borrower” means private sector or commercial enterprises legally operating in a Project Eligible Country, and which are a recipient of a Sub-Credit.
7. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
8. “COMESA” means the regional organization established and operating pursuant to the Treaty Establishing the Common Market for Eastern and Southern Africa, signed on November 5, 1993.
9. “Credits” mean Credit A and Credit B, as defined in Section 2.01 of Article II of the Financing Agreement
10. “Distributed Renewable Energy” or “DRE” means renewable energy technologies and systems of up to 20MW.
11. “E&S Instruments” means the instruments prepared, or to be prepared, by the Recipient, a Borrower, a Beneficiary or a PFI to manage the environmental and social risks associated with the Project or a Sub-Project, as applicable, in accordance with the Applicable Environmental and Social Requirements.
12. “Eastern and Southern Africa” means the region of Sub-Saharan Africa consisting of the member states of the Recipient, and Participating Countries, and members

of Regional Bodies, including those that will participate in future operations under the MPA Program.

13. “ESAP” means the environmental and social action plan developed, adopted by the Recipient, and dated October 26, 2023, said action plan to enable the implementation of the Project in compliance with the Performance Standards, as such action plan may be amended from time to time with the prior written approval of the Bank.
14. “ESMS” means the environmental and social management system adopted and implemented by the Recipient to identify, assess and manage the environmental and social risks and impacts under the Project, in compliance with the Performance Standards.
15. “Excluded Activities” means the excluded activities set forth in Schedule 3 to this Agreement.
16. “Financing Agreement” means the agreement of the same date as this Agreement, entered into between the Recipient and the Bank, providing for a credit to the Recipient to assist the Recipient in the carrying out of Parts 1 and 3 of Project.
17. “Inclusion Strategy” means a strategy adopted by the Recipient and TDF to ensure indigenous and other vulnerable or marginalized groups or individuals have equal opportunity to access project benefits, especially under Part 2 of the Project.
18. “Indigenous Peoples” has the meaning ascribed to that term in the Performance Standards.
19. “Involuntary Resettlement” means in accordance with paragraph 1 of Performance Standard 5 both physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.
20. “IUCN” means the International Union for Conservation of Nature.
21. “MPA Program” means the multiphase programmatic approach program designed to accelerate access to sustainable and clean energy in Eastern and Southern Africa.
22. “Operating Costs” means the reasonable expenses incurred by the Recipient on account of implementation of the Project, based on an Annual Work Plan and

Budget approved by the Bank, including: expenditures for maintenance of equipment, facilities and vehicles used for implementation of the Project, fuel, routine repair and maintenance of equipment, vehicles and office premises, communication and insurance costs, use of internet costs, stationery and other office supplies, utilities used for implementation of the Project, consumables, transport costs, travel, travel per diem costs, and accommodation expenses, workshop venues and materials, and costs of printing, photocopying and advertising, office rentals, bank charges, but excluding salaries, top-ups, honoraria, or allowances of the Recipient's staff.

23. "Participating Countries" means all the countries referred to in the preamble to this Agreement, and those that will participate in the future operations under the MPA Program.
24. "Participating Financial Intermediary" or "PFI" means an approved financial institution, cooperative or other banking society, that meets the criteria established by the Recipient, and which is registered as a financial institution, cooperative or society pursuant to the laws of any member state of the Recipient.
25. "Performance Standards" means the World Bank's Performance Standards for Private Sector Activities, as approved by the World Bank's Board of Executive Directors on January 1, 2012, copies of which have been delivered to, and receipt of which has been acknowledged by, the Recipient by entering into this Agreement.
26. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
27. "PFI Funding Agreement" means an agreement, satisfactory to the Bank, to be executed between the Recipient and a PFI, pursuant to which such PFI shall obtain sub-funding under a line of credit, as such PFI Funding Agreement may be amended from time to time, with the agreement of the Bank, and such term includes all appendices, schedules, and agreements supplemental to the PFI Funding Agreement.
28. "PFI Sub-Financing" means a sub-loan under Part 1 of the Project, to be made by the Recipient to a PFI pursuant to the PFI Funding Agreement.
29. "Procurement Regulations" means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated September 2023.

30. “Project Eligible Country” means a country in Eastern and Southern Africa, which is a member of the Recipient, and that is eligible to receive financing from the Bank; and “Project Eligible Countries” mean more than one country.
31. “Project Implementation Team” means the team referred to in Section I.A.2 of schedule 2 to this Agreement.
32. “Project Operations Manual” or “POM” means the manual referred to in Section I.C.1 of Schedule 2 to this Agreement, as such manual may be amended from time to time, with the prior written approval of the Bank.
33. “RBF and Catalytic Grants” a grant made, or to be made, by the Recipient to a Beneficiary under Part 2 of the Project, and which satisfies the eligibility criteria and other requirements for RBF and Catalytic Grants set forth in the POM.
34. “Recipient’s Charter” means the Recipient’s charter, adopted at the sixth meeting of the Council of Ministers of the Preferential Trade Area for Eastern and Southern African States held in Bujumbura on July 12, 1985, as amended and supplemented from time to time.
35. “Regional Bodies” means the Recipient and COMESA, and any regional organization that will participate in future operations under the MPA Program.
36. “Regional Infrastructure Finance Facility Project” means a project financed by the Bank under terms and conditions set forth in the Financing Agreement between the Bank and the Recipient August 4, 2020 (Credit Number 6711-3A, and 6712-3A).
37. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
38. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019, with the modifications set forth in Section II of this Appendix.
39. “Sub-Credit Agreement” means an agreement, satisfactory to the Bank, to be executed between the Recipient and a Borrower, pursuant to which such Borrower shall obtain a Sub-Credit under a line of credit, as such Sub-Credit Agreement may be amended from time to time, and such term includes all appendices, schedules, and agreements supplemental to the Sub-Credit Agreement.
40. “Sub-Credits” means a loan made, or to be made, under Part 1 of the Project by the Recipient to a Borrower using the proceeds of Credit B, and which satisfies the eligibility criteria and other requirements for Sub-Credits set forth in the POM.

41. “Sub-Financing Agreement” means an agreement, satisfactory to the Bank, to be executed between the Recipient and Beneficiary, pursuant to which such Beneficiary shall obtain a RBF or Catalytic Grant, as such Sub-Financing Agreement may be amended from time to time, and such term includes all appendices, schedules, and agreements supplemental to the Sub-Financing Agreement.
42. “Sub-Project” means DRE or clean energy cooking activities which satisfies the eligibility criteria and other requirements for Sub-Credits or RBF and Catalytic Grants, as set forth in the POM.
43. “Subsidiary Agreement” means the Subsidiary Agreement referred to in Section I.B of Schedule 2 to this Agreement. Said agreement setting forth the terms and conditions under which the Recipient shall make available part of the proceeds of the Credit B only, and the proceeds of the ESMAP Trust Fund Grant, and such term includes all appendices, schedules, and agreements supplemental to the Subsidiary Agreement.
44. “TDF Articles” means the Articles of Establishment for the Trade and Development Fund adopted on March 26, 2020, by the Recipient’s Board of Governors, and effective as of said date, as may be amended and supplemented from time to time.
45. “Trade and Development Fund” or “TDF” means the Recipient’s subsidiary established and operating pursuant to the TDF Articles.
46. “Training” means the reasonable costs associated with training, workshops and study tours provided under the Project, based on an Annual Work Plan and Budget approved by the Bank, consisting of reasonable expenditures (other than expenditures for consultants’ 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.

Section II. Modifications to the Standard Conditions

The Standard Conditions are hereby modified as follows:

1. Section 2.09(b)(ii) (Visibility and Visits) is modified to read as follows:

“(ii) the Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Bank to visit any part of their territories for purposes related to the Grant or the Project.”

2. Section 4.02(h) is modified to read as follows:

“(h) *Membership.* The Member Country or any member of the Recipient: (i) has been suspended from membership or ceased to be a member of the Bank; or (ii) has ceased to be a member of the International Monetary Fund.”

3. Section 7.04 (Disclosure) is modified to read as follows:

“The Bank, in consultation with the Recipient, may disclose the Grant Agreement and any information related to the Grant Agreement in accordance with its policy on access to information, in effect at the time of such disclosure.”

4. The Appendix (Definitions) is modified as follows:

a. Paragraph 18 (Member Country) is modified to read as follows:

“18. “Member Country” means the member of the Bank in whose territory the Project is carried out or any of such member’s political or administrative subdivisions. If the Grant is extended by the Bank to such member as a party to the Grant Agreement, the term “Member Country” refers separately to each such member.”

b. Paragraph 21 (Project) is modified to read as follows:

“21. “Project” means the project described in the Grant Agreement, for which the Grant is made, as the description of such project may be amended from time to time by agreement between the Recipient and the Bank. If the Project is carried out in the territory of more than one Member Country, “Project” refers separately to the Project of each such Member.”